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NEWS SUMMARY

GENERAL

Posting of army secrets probed

The Defence Ministry has announced an immediate review of the way classified material is sent by post. The move follows the inquiry into how a secret Army intelligence report fell into the hands of the IRA. The report was either stolen or lost in the post, and apparently failed to reach its destination.

The documents discussed future terrorist trends in Northern Ireland, and predicted that the IRA might acquire Soviet-designed anti-aircraft missiles. Page 3.

Thorpe accused over witnesses

Jeremy Thorpe, former Liberal leader, hatched a plot to murder his former homosexual lover, and then tried to interfere with witnesses as the police set closed on him, it was alleged at the Old Bailey yesterday.

It was the fourth day of the trial of Thorpe and three others who have denied conspiring to murder former male model Norman Scott.

NUT rejects plea

National Union of Teachers' executive rejected an appeal by Mr. Mark Carlisle, Secretary for Education and Science, to suspend disruptive action pending the resumption of wage negotiations.

Election strain

Next month's direct elections to the European Parliament are likely to put severe strain on the Labour Party's fragile unity, and all the old divisions between pro- and anti-marketisers are likely to come to the surface again. Back Page.

Bomb blast

A 500 lbs bomb exploded in a van in the centre of Belfast last night as an Army Bomb Disposal expert tried to defuse it. He and two of his team were taken to hospital, but are not believed seriously hurt.

Aircraft deaths

A two-engine private aircraft on its way from Trieste, Italy, to Koblenz, Germany, crashed in a forest south of Nuremberg, killing all three people aboard.

Author charged

East Germany's leading author, Stefan Heym, is facing trial on currency violation charges for publishing a book in the West without official permission.

Crash error

The train crash outside Paisley's Gilmour Street station last month, in which seven people died, would not have happened if the red danger signal had been "correctly observed," a Government inquiry has ruled.

Leaders jailed

Eleven former Soweto student leaders were sentenced to jail terms totalling 62 years yesterday for their part in organising demonstrations during the Soweto riots. But seven were freed on suspended sentences. Page 2.

Briefly

Sir Bernard Braine, MP for south-east Essex, has called for a report into a fire at the Shell-haven oil refinery near Coryton yesterday.

Police hope a key ring carrying a Manchester City football club badge will help identify the tenth victim of Tuesday's Woolworth blaze in Manchester.

Greek court upheld appeals by two UK girls against seven-month jail sentences for insulting the Greek flag.

Oil rig collapsed in the Gulf of Mexico off Galveston, Texas, and 12 of the 38 crew are missing.

International union representatives are to study the plight of couplers who have been forced out of work by slot machines.

BUSINESS

Equities business low; Gold falls \$1 1/4

EQUITIES finished the first week of the new account with business at its lowest for three weeks. The FT ordinary share index closed 0.1 up at 532.8, representing a 25.8 drop over the week from the all-time peak of 558.6.

GILTS traded narrowly and closed little changed, with the Government Securities Index 0.03 down at 73.79.

STERLING fell 65 points to \$2,040 and its trade-weighted index fell to 66.2 (66.4).

GOLD lost \$1 1/4 to \$251 1/2 in London.

WALL STREET was 1.73 up at \$30.65 just before the close.

JAPANESE finance ministers late yesterday announced measures to stem the outflow of the Yen to foreign capital markets and relax controls over capital inflow.

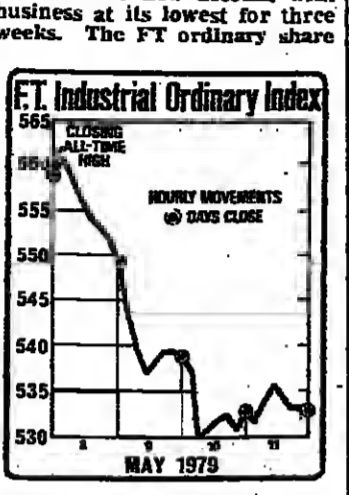
GOVERNMENT will by September whether or not Britain will join the European Monetary System, Mrs. Thatcher has said. Back Page.

TWO-TIER price system for farm produce has been suggested by the French Foreign Minister as a more realistic solution to the problems of the Common Agricultural Policy. Back Page.

EEC has made "significant progress" in two key areas in its speech next week, and the decision is almost certain to mean the end of the Commission in its present form. Page 4.

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VALUE of sales of land and buildings in England and Wales in 1978 reached nearly £19bn compared with £10bn in 1974, according to Inland Revenue figures. Page 3.

FATE of the Price Commission is expected to be announced in the Queen's Speech next week, and the decision is almost certain to mean the end of the Commission in its present form. Page 4.

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COMPANIES

SERCK, the valves and heat exchanger group, reports a sharp downturn in the first half to March 31, with pretax profit falling from £2.86m to £0.5m on sales £1m up at £44.5m. Page 18.

EMI, the troubled leisure group, is selling 29 public houses and licensed taverns to Grand Metropolitan in a £1.5m cash deal. Page 18.

BRASCAN chairman has told a New York State Attorney General's investigation that the company had no plans to sell off any Woolworth assets to finance Brascan's bid for control of Woolworth. Page 21.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES	FALLS
Brown and Jackson 645 + 26	Barclays Bank 490 - 7
Common Bros. 213 + 17	Furness Withy 291 - 7
Craig and Rose 211 + 17	Gen. Accident 246 - 6
Glaxo 280 + 5	Grand Met. 161 - 7
Hawley Leisure 29 + 44	Int'l. Thomson 395 - 9
Lyle Shipping A. 161 + 12	Kode Intl. 232 - 8
Millets Leisure 194 + 7	Peak Intl. 12 - 14
Monk (A.) 78 + 4	Pullman (R. and J.) 131 - 4
P and O Dtd. 87 + 2	Saatchi and Saatchi 208 - 6
Savoy A. 113 + 4	Vaux Breweries 178 - 44
Watts Blake 160 + 12	BP 780 - 28
	Shell Transport 780 - 28
	Bird (Africa) 14 - 4

Double-figure rate of retail price inflation returns

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The 12-month rate of retail price inflation has moved back into double figures for the first time since the end of 1977, and is likely to creep upwards for most of the rest of the year.

The main advance warning indicators of inflation suggest that any further acceleration should be limited. But a lot may depend on the scale of increases in indirect taxes in the Budget, and on future level of sterling.

Department of Employment figures yesterday show that the retail price index rose by 10.1 per cent to 214.2 (January, 1974=100) in the year to mid-April. This compares with a 12-month rate of 9.8 per cent in mid-March and a five-year low of 7.4 per cent last summer.

The return to a double figure rate is no surprise, but has come sooner than was expected last autumn.

This is principally because of the sharp rise in the price of fresh vegetables and other food caused by the bad winter weather.

Seasonal food prices rose 2.9 per cent last month and have increased by 31.7 per cent in the last six months.

Prices of seasonal foods should fall from these high levels in the summer. This, together with the recent strength of sterling, may offset some of the impact of rising raw material costs and of a 13-14 per cent increase in average earnings in the past year.

The best indicator of the underlying trend of price inflation is usually the increase in the index for all items except seasonal foods, measured over six months but expressed at an annual rate.

It stood at 12.3 per cent in mid-April, compared with 9.3 per cent previously. This may give a slightly distorted view of the outlook in view of the annual bunching of some price rises in April.

The wholesale price indices, which are a leading indicator of the underlying trend of price inflation, are usually the increase in the index for all items except seasonal foods, measured over six months but expressed at an annual rate.

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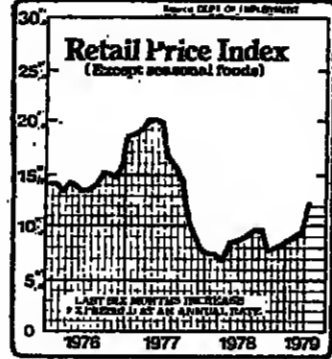
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The Price Commission index of notified price rises, and various industrial trends surveys all suggest a rise in the 12-month rate in the coming months.

Most leading forecasters believe that this rate should not rise much above 12 per cent by the end of this year, but this does not take account of possible large rises in indirect taxes in the Budget.

In any event, inflation looks likely to become more rapid than in many other industrialised countries by the end of the year.

The retail price index rose by 1.7 per cent in the month to mid-April. This is the largest rise for two years.

The spike-out in the financial markets continued yesterday. The City's reassessment of the immediate prospects was reflected in a sharp rise in the Treasury bill rate at the tender.

The rate rose by 0.3766 to 11.4305 per cent, after falling to 11.0600 per cent at the end of April. This means that market rates have moved back into line with the Bank of England's rate of 12 per cent.

Editorial Comment, Page 16
Lex, Back Page

Murray sounds warning to Tories

By Alan Pike, Labour Correspondent

A REPLAY of the years 1971 to 1974 would not be the way to improve employment, earnings and industrial performance, Mr. Len Murray, general secretary of the TUC, warned the Government yesterday.

Mr. Murray spelt out the TUC's objections to "doctrinaire policies" for the legal regulation of industrial relations in a speech to the Civil Service Union conference at Blackpool. He had a chance to make some of these points directly to Mr. James Prior, Employment Secretary, earlier this week, and more formal consultations between the Government, the TUC and the Confederation of British Industry are about to begin.

The TUC, said Mr. Murray, had never taken the view that the law had no part to play in industrial relations. It believed now that some changes were necessary to correct the distorting and weakening effects of certain decisions by judges.

"But there is a clear difference between this and legalistic interference of the kind which experience shows can only disrupt industrial relations. What happened between 1971 and 1974 showed what can result from ill-judged and doctrinaire measures. I hope that before they go any further Ministers and employers will take time off to study what happened then. Trade unionists have certainly not forgotten."

Mr. Murray stressed that the trade union movement had always been willing to co-operate with employers and governments to achieve further improvements in industrial relations. But he warned: "We will not, and indeed we cannot, give away basic trade union rights which were obtained after struggles by past generations of trade unionists."

The appeal to the Government not to rush into new legislation without consultation was repeated by Sir John Methven, director-general of the CBI, at a London conference yesterday.

Methven plea for stability in industrial legislation, Page 4
Election feature, Page 17

£ in New York

	May 10	Previous
Spot	158.050-0630	152.0610-0620
1 month	0.82-0.83 cts	0.82-0.83 cts
3 months	0.74-0.83 cts	0.74-0.83 cts
12 months	1.25-1.25 cts	1.06-1.16 cts

Carter attacks Congress on oil ration vote

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. JIMMY CARTER yesterday delivered probably the most blistering attack of his Presidency on Congress in the wake of the refusal by the House of Representatives to grant him standby authority to ration petrol in case of a national emergency.

Looking grim and even despairing, President Carter told reporters summoned to the Oval Office of the White House that he was "shocked and embarrassed for our nation's government" at Congress's inability to face up to its responsibilities.

Mr. Carter said that the majority in the House, which on Thursday night voted down the contingency rationing plan by 248-159 only a day after the Senate had approved it, had "put their heads in the sand." They had also put "parochial and local interests" first and had been guilty of "political timidity."

The President then challenged Congress to come up with its own rationing plan to safeguard the national interest within the next 90 days. In so doing he reflected the prevailing view of his advisers that there was no point in re-submitting an Administration plan.

Without contingency rationing authority, the implementation of which is in any case subject to Congressional veto, Mr. Carter said the nation would be defenceless in the face of a real emergency. He hoped that there would not be any severe shortage, but said it was irresponsible for people in authority not to recognise the potential threat to the country and to be prepared to deal with the threat if it ever came.

Although the President referred to it only obliquely, the Administration is also concerned at the lessons which the oil-producing countries draw from this experience. It is feared that OPEC will merely interpret these events as yet another indication of American unwillingness to conserve energy and, as a result, further push up prices and reduce output.

The Department of Energy and the individual states do have some powers of amelioration. The world oil shortage, Page 16

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Kuwait asks Egypt to pay back \$1.1bn, bankers say

ARAB COUNTRIES have started to put financial pressure on Egypt in what seems a serious escalation of the economic boycott agreed in Baghdad last month.

Although still not confirmed officially, bankers report that Kuwait has approached the Egyptian central bank for the repayment of \$1.1bn held on special deposit.

Saudi Arabia and Kuwait deposited nearly \$2bn during 1977 and have since extended the period of deposit and rolled over the interest payments.

Egypt's foreign currency earnings have improved sharply during the past 18 months, because of workers' remittances, oil exports, the Suez Canal and tourism. But Egypt clearly is in no position to meet such a request from Kuwait.

The move, it is believed, is intended as a reminder of the pressures the oil-producing States can put on Egypt, and is in part retaliation for recent attacks by President Sadat.

Mr. Brian Shaw, managing director of Furness, said yesterday that KCA's move was "surprising news."

On the stock market shares in Furness, Withy, which has long been regarded as a takeover candidate, fell 7p to 291p reflecting disappointment that a full scale bid has not emerged.

Mr. Paul Bristol, chairman of KCA, said that he was planning to seek board representation at Furness. Both KCA and Euro-canadian intend to establish a "close relationship" with Furness to develop common interests.

KCA has been in partnership with Furness, Withy for the past six years through a 10.5 per cent interest which it holds in Kingsnorth Marine Drilling, an offshore drilling concern in which Furness has an interest of 49.5 per cent.

Euro-canadian has a 37 per cent interest in Manchester Lioers, and Furness, Withy holds the balance. Euro-canadian made a full bid for Furness, Withy during 1974 and 1975.

But the Monopolies Commission ruled in 1976 that any merger between the two groups would be against the public interest and required Euro-canadian to reduce its holding in Furness. Euro-canadian agreed to reduce its holding to not more than 10 per cent by 1980.

Lex, Back Page

Lex, Back Page

Lex, Back Page

Lex, Back Page

Lex, Back Page

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CONTENTS

The world oil shortage: where it is pinching 16

The election: why the Tories could still be vulnerable in 1984 17

Gardening: trouble-free dahlias 10

Soccer: Cup Final preview 10

Motoring: advice for new Minister 9

Company profile: Boots 6

Yachting: the Trapper 700 10

Travel: for the single holidaymaker/Kenya at a slow pace 12

Fishing: John Cherrington 12

Property: conversion costs 8

Man of the Week: Anatoly Dobrynin, Russia's arms talks man 30

Editorial comment: the problems facing the new Government 16

Appointments	24	Gardening	10	Motoring	9	Building Soc. Rates	25
Arts	14	How to Spend It	11	Overseas News	5	Local Authority Bonds	25
Books	22	Insurance					

OVERSEAS NEWS

Bank of Italy's Governor faces new SIR charges

BY PAUL BETTS IN ROME

DR. PAOLO BAFFI, Governor of the Bank of Italy, and other leading personalities of Italian finance, have been summoned to appear before the Rome magistrates conducting inquiries into allegations of irregular loans to the SIR chemical group.

It is the second time that Dr. Baffi has been charged by the judicial authorities in connection with the SIR affair. The latest charges are, however, more serious than the earlier ones.

Both Dr. Baffi and Sig. Mario Sarcinelli, a deputy Director-General of the Bank, were charged in March with withholding evidence allegedly contained in a Bank of Italy investigation into loans granted to SIR by the Sardinian special credit institute, CIS.

Along with Dr. Baffi, the magistrate has summoned other former members of the executive committee of IML, the country's largest state credit institute which has extended substantial soft loans to the troubled chemical group.

They include some of the most prominent names in Italian finance. Among them are Sig. Giorgio Cappon, the present chairman of IML, Sig. Rinaldo Ossola, former Foreign Trade Minister, Sig. Ferdinando Ventriglia, a former Director-General of the Treasury and present chairman of the Isevier State Credit Institute, Sig. Mario Ercolani, a former Central Bank Director-General, and Sig. Gastone Micione, chairman of the National Bourse Commission.

The magistrate, Sig. Antonio Alibrandi, is also understood to have asked Parliament to remove the Parliamentary immunity of Senator Nino Andreatta, a Christian Democrat Senator. Sig. Andreatta, a Professor of Economics at Bologna University was on the IML executive committee.

The latest move by the magistrate has not so far led to a story comparable to that which

followed his earlier allegations against Dr. Baffi and the temporary arrest and suspension from office of Sig. Sarcinelli. Sig. Sarcinelli's reinstatement as deputy Director-General of the Central Bank was permitted last week by the magistrate who seems to be acting with greater caution this time.

Indeed, Sig. Luciano Infelisi, the public prosecutor involved in the SIR affair is understood to have asked Sig. Alibrandi to charge 72 financiers in connection with the inquiries.

The magistrate's sudden action in March caused widespread indignation and the Government rallied to the support of the bank by expressing its confidence in the Governor

Andreotti—new TV star

BY OUR ROME CORRESPONDENT

ITALY'S private television stations, which operate on shoe-string budgets from the studios in converted attics and small flats, have found a new star.

Between vintage Hollywood movies featuring Robert Mitchum, soft porn and endless commercials, Sig. Giulio Andreotti, the Christian Democrat caretaker Prime Minister, has this week been holding a series of chat shows as part of his campaign for the General Election in June.

Answering questions from charwomen, taxi-drivers, pensioners, white-collar and factory workers, the Prime Minister touched on all the root issues of the campaign—social security, pensions, taxation, housing, education and law and order.

These tend to drop largely into the background, because of the preoccupation of the country's political parties with the eventual alliances for the next Government.

Sig. Andreotti is also campaigning to consolidate his own

and his deputy Director-General.

Nevertheless, the latest initiative by the judiciary could have severe repercussions. At one stage, Dr. Baffi, who is greatly respected, is understood to have been on the verge of resigning. The latest move comes at a time when the credit institutes exposed in SIR have finally agreed on the rescue of the chemical group which has outstanding debts of 1,200,000bn. This involves the setting-up of a banking consortium which is to put up about 1,100,000bn for the recovery of SIR. Some 1,500bn of outstanding SIR credits will be converted into new risk capital and there will be an injection of between 1,500bn and 1,600bn of fresh funds.

The survey did not include oil-related industries and banks in its inquiries. It did, however, contact some 60 companies, and its compilers feel that, if anything, its conclusions are optimistic.

Foreign companies are not grouped separately. This is because, unless they were in partnership with Iranian concerns, they mostly left Iran before the revolution, and have only returned to re-establish offices or recover debts.

Pharmaceutical companies had done best, probably because drugs were excluded from the effects of a two-month anti-Shah strike by the Customs administration.

All six concerns contacted were operating, but three of the usual managing directors were no longer in the country. In the Tehran Bazaar, previously the centre for much of the country's wholesale trade, prime interest rates were reported at between 30 and 36 per cent against 20-24 per cent before the revolution.

Most importers contacted reported sales were down. Five companies said the sales had fallen by 90 per cent. All were now able to clear freight through customs, but difficulties in obtaining letters of credit still remained.

Some industrial companies reported they were operating at up to 80 per cent capacity, but most were between 20 and 60 per cent.

The survey concluded that Iran's economy will worsen, and that unemployment, estimated at 4m, or 45 per cent, will grow as great factory revolutionary committees will not be able to keep on workers if there is no money to pay them.

The mounting cost of imported oil and the painful teething troubles of domestic off-shore and onshore production, however, have begun to outweigh such arguments. Brazil

Reporter reports from Buenos Aires: The Argentine military Government has produced a draft labour code designed to keep the country's once all-powerful unions out of politics.

Iranian economy 'almost stagnant'

By Simon Henderson in Tehran

IRAN'S ECONOMIC activity is virtually stagnant having barely recovered from the paralysis which gripped the country at the time of the revolution, according to a business survey by a Western embassy in Tehran.

Construction companies have nearly all closed, the survey says. It was thought that many manufacturing concerns would also have to shut down. Many companies were having to rehire laid-off workers because of pressure from revolutionary committees.

The survey did not include oil-related industries and banks in its inquiries. It did, however, contact some 60 companies, and its compilers feel that, if anything, its conclusions are optimistic.

Foreign companies are not grouped separately. This is because, unless they were in partnership with Iranian concerns, they mostly left Iran before the revolution, and have only returned to re-establish offices or recover debts.

Pharmaceutical companies had done best, probably because drugs were excluded from the effects of a two-month anti-Shah strike by the Customs administration.

All six concerns contacted were operating, but three of the usual managing directors were no longer in the country. In the Tehran Bazaar, previously the centre for much of the country's wholesale trade, prime interest rates were reported at between 30 and 36 per cent against 20-24 per cent before the revolution.

Most importers contacted reported sales were down. Five companies said the sales had fallen by 90 per cent. All were now able to clear freight through customs, but difficulties in obtaining letters of credit still remained.

Some industrial companies reported they were operating at up to 80 per cent capacity, but most were between 20 and 60 per cent.

U.S. will not help commodities fund

BY PHILIP BOWRING IN MANILA

THE United States will not contribute at present to the aid facility for commodity producers which is to be established as part of the new common fund for commodities, Mr. Andrew Young, U.S. Ambassador to the United Nations, told the UN conference on trade and development in Manila today.

Agreement on setting up the fund which will have a role in stabilising commodity prices was reached between industrialised and developing countries earlier this year, although many of the details have still to be worked out.

Mr. Young said, however, that the U.S. would work to further the goals of the second window, which is aimed at financing aspects of commodities such as research into production and

marketing. Mr. Young referred to domestic political problems which made it inappropriate for the U.S. to make a specific commitment at present.

Most other industrialised countries have given a commitment in principle to the second window but most have not put figures on their contributions.

Elsewhere at the conference, Iraq called for the setting up of a new international fund to compensate developing countries for increases in the prices of their imports caused by inflation in other countries. The fund should encompass "all industrial countries irrespective of their political and economic systems" and also oil producing countries which would contribute on the basis of the burden to developing countries caused by oil price increases.

Though few delegates regarded the Iraqi proposal as more than a talking point, the UN Secretary-General said the UN would be "cautious" for the Commission, he said. Though he admitted that there had been outbreaks of the "protectionist virus", a more optimistic note on the protectionism question came from M. Olivier Long, Secretary-General of GATT. Claiming credit for having in the past "helped raise the alarm" about protectionism, he said, he acknowledged that in the past year Government's had "to a large extent resisted the calls made on them for new protective measures."

Commissioner for Development, said the blame for "scandalously low" prices lay with "other industrial countries" and "speculation." He claimed that the sugar market was controlled "by 10 companies, or less."

M. Cheysson denied that the EEC was by nature protectionist. "Protectionism would be suicidal" for the Community, he said. Though he admitted that there had been outbreaks of the "protectionist virus", a more optimistic note on the protectionism question came from M. Olivier Long, Secretary-General of GATT. Claiming credit for having in the past "helped raise the alarm" about protectionism, he said, he acknowledged that in the past year Government's had "to a large extent resisted the calls made on them for new protective measures."

The external debt of these countries he said had already reached 27 per cent of gross domestic product in 1978 and their debt service ratios were now over 12 per cent. The European Community continued to reply to spicing from various directions. Responding to critics of the Community's sugar policy, which has been accused of being a cause of low world prices, Mr. Claude Cheysson, European

\$ undervalued—Matthoefer

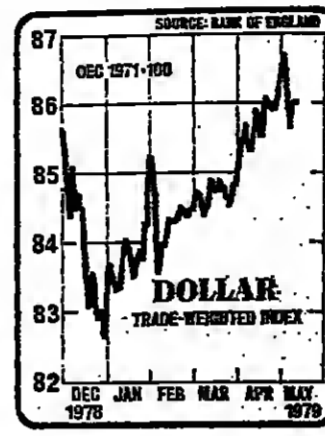
BY DAVID MARSH

THE U.S. dollar, at its present level of about DM190, is still somewhat undervalued in terms of its purchasing power against other currencies, according to Herr Hans Matthoefer, West Germany's Finance Minister.

As a result of the improvement in the U.S. current-account deficit, it would not be surprising if the dollar remained stable for a few more months, he told the Financial Times in an interview in London.

Herr Matthoefer was speaking before resuming talks with the British Government, in which he is accompanying Chancellor Helmut Schmidt during a regular round of Anglo-German discussions.

Conditions also looked stable within the European Monetary System, where the Deutsche Mark is at present among the weakest currencies, the Minister added. The two currencies at the top of the system, the Italian lira and the Danish krone, were being bolstered by high interest rates.



Source: Bank of England

The relative weakness of the Deutsche Mark had been one of the reasons for rising inflation in Germany, where the annual rate of price increases has now reached 3.5 per cent of this; 0.8 per cent was due to the oil price rise.

The main aim of the Government and Bundesbank was to

prevent companies using the oil price increase as an excuse to pass on higher than necessary price rises.

The plan formally agreed with the Bundesbank last week, under which the central bank will finance a stockpile of Germany of strategic metals like chrome, manganese and cobalt, would not involve any direct use of the bank's currency reserves and so would not lead to any increase in German liquidity.

Concerning international discussions on a multilateral aid plan for Turkey, Herr Matthoefer said Germany was ready to play as large a role as possible. The size of Germany's contribution would depend on the total amount that other industrialised countries were willing to put up.

But first, Turkey must reach an agreement with the IMF and alter its policies to ensure positive economic development in the long term.

Arms pact to be signed in Vienna

PRESIDENTS CARTER and Brezhnev will meet for three days in Vienna, beginning on June 15 to sign the SALT treaty and to discuss other bilateral and international issues, Czech reports from Washington.

Vienna, site of the famous Kennedy-Khrushchev summit in 1961, was chosen, White House officials said, because a train journey there would not put undue strain on Mr. Brezhnev's health.

Although the SALT signing is seen as the centrepiece of the occasion, U.S. officials emphasised Mr. Carter's desire for talks on other issues, such as trade, the Middle East and Africa.

Mr. Carter may propose that the leaders commit themselves to a series of subsequent meetings. The last fully fledged American-Soviet summit was in 1974 when Mr. Nixon conferred with Mr. Brezhnev. The December, 1974, session between President Ford and Mr. Brezhnev in Vladivostok was largely limited to SALT.

Brazil turns to alcohol-run cars

BY DIANA SMITH IN RIO DE JANEIRO

GENERAL JOAO Baptista Figueiredo, Brazil's new President, has announced that from now on all official vehicles in Brasilia, Sao Paulo and Rio de Janeiro will run on alcohol.

Currently, Brazilian cars run on a mixture of 80 per cent petrol and 20 per cent sugar cane alcohol. While sugar cane abounds in Brazil, and Government incentives are producing new distilleries around the country, 85 per cent of the country's crude oil must be imported.

Last year, this cost \$4.5bn, a third of all imports. This year, after the OPEC price increases, the imported crude bill is expected to rise to \$5bn or more. Largely due to heavy foodstuff and oil imports, the trade balance plunged \$988m into the red in 1978; this year's deficit could be \$1.5bn.

For several months some smaller municipalities have been using pure sugar cane alcohol to run official cars, on an experimental basis. The experiments have proved successful: the cost of converting engines is not exorbitant at Cr5,000 (\$325m).

And, with heavy Government subsidies, alcohol is being sold at 12 U.S. cents a litre less than petrol.

Alcohol pumps have now been installed at service stations in major cities. Demand is still slack, apart from official cars. But it is expected to rise sharply once Volkswagen and Fiat, who hold 48 and 1 per cent respectively of the car sales market, produce their new alcohol-run cars.

Although Brazil mastered the necessary technology some years ago, the car-alcohol programme has moved at a snail's

pace until fairly recently, hampered by the claim that alcohol was expensive to produce and led to unsatisfactory engine performance.

The mounting cost of imported oil and the painful teething troubles of domestic off-shore and onshore production, however, have begun to outweigh such arguments. Brazil Reporter reports from Buenos Aires: The Argentine military Government has produced a draft labour code designed to keep the country's once all-powerful unions out of politics.

El Salvador schools shut

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

SCHOOLS AND universities in El Salvador have been ordered by the Government to stay shut until Monday for fear of demonstrations after Tuesday's shooting by government troops of 18 demonstrators on the steps of the cathedral in San Salvador. On Thursday shops and offices in the Salvadoran capital shut as 17 of the victims—including one

pregnant woman—were interred. Sixteen armed members of the left-wing Popular Revolutionary Bloc (PRB) continued to occupy the French Embassy, where the envoy M. Michel Donatme is reported to have rejected the chance of liberty if that meant leaving members of his staff in the hands of the PRB.

Soweto student leaders given jail sentences

By Quentin Peel in Johannesburg

ELEVEN former Soweto student leaders were sentenced to jail terms totalling 62 years yesterday, for their part in organising demonstrations during the Soweto riots. But seven were promptly freed with suspended sentences.

The students, who gave clenched-fist salutes as they arrived in the dock, had been found guilty of sedition for their involvement in the banned Soweto Students Representative Council. Most have been in detention since June, 1977.

Defence lawyers say the convictions for sedition, without any evidence of actual involvement in violence, could create a precedent for sweeping new moves against political dissidents.

U.S. recession 'later this year'

BY JOHN WYLES IN NEW YORK

THE U.S. economy will slip into mild recession in the third and fourth quarters of this year, a panel of economists appointed by the Business Council, an influential group of senior corporate executives, has warned.

Introducing the report in Hot Springs, Virginia, yesterday, Mr. Clifton Garvin, chairman of Exxon Corporation and vice-chairman of the Council, said the panel of 20 economists thought the economy was heading for a recession "more significant than had first appeared earlier this year."

The report is broadly in line with other private forecasts of an early mild economic downturn as distinct from other more pessimistic predictions of a deeper recession next year.

The report to the Business Council believes that the difference between the peak in Gross National Product, expected this quarter, and the trough later in the year, will average only about 1 per cent.

This compares with the 2.7 per cent average decline in all post-war U.S. recessions and the near-8 per cent plunge of 1974-1975.

The relative modesty of the predicted downturn is attributed to the absence of major imbalances in three traditionally vulnerable areas—housing, capital spending, and business inventories.

Of the 16 members of the economists' panel who offered an opinion, two saw no decline in real GNP at all, four predicted a decline for three consecutive quarters and nine thought it would last no longer than two quarters.

Mr. Michael Blumenthal, Treasury Secretary, disagreed with the predictions after speaking to a closed session of the council on President Carter's oil price decontrol plans.

Mr. Blumenthal stuck by the Treasury's view that real growth this year would amount to between 2 and 3 per cent. But he repeated his statement made earlier this week that the Administration's inflation forecast of 7.4 per cent for the year would not be met.

Business Council economists are now more pessimistic about inflation than when they last reported in February. They foresee a rise of 9.2 per

cent from the fourth quarter of 1978 to the fourth quarter of 1979, with little progress next year, when inflation is expected to average just over 7 1/2 per cent.

Mr. Reg Jones, chairman of General Electric, and this year's Council chairman, restated the business community's view that inflation was largely a product of Government fiscal and monetary policies.

A month ago, he said the council had urged the Administration to mount a "blockbuster" package comparable to the measures announced to support the dollar last November 1.

A speech by the President, outlining steps which could be taken by executive order and not needing legislation, would, said Mr. Jones, help change "inflationary psychology" in the U.S.

The measures could range from allowing increased cutting of trees on Federal timberlands, to lifting import quotas on beef and imposing moratorium on the introduction of new Government regulations.

The Administration had said the proposals were "complex," and nothing had been heard from Washington since then.

Hua to visit Bonn

Chinese leader Hua Gnofeng (Hua Kuo-Feng) will visit West Germany next October during his tour of major western European capitals, the German government said yesterday. AP reports from Bonn, talks on the dates of his European trip are still underway, but the tentative schedule includes stops in London, Paris and Bonn.

EEC coal plan

The European Commission is to renew its attempt to increase coal consumption in the Common Market as a means to limiting dependence on imported coal and oil, Ray Fermin writes. Dr. Guido Brunner, the EEC energy commissioner, said yesterday that a proposal to spend 220m units of account (\$130m) supporting coal would be put to the Council of Energy Ministers, possibly next month.

Social Credit win

Premier Bill Bennett and his Social Credit Government were re-elected after a second confrontation with Mr. Dave Barrett, the New Democrat, in Thursday's British Columbia election, Victor Mackie writes from Ottawa. A polarised vote wiped Progressive Conservatives and Liberals from the 57-seat legislature.

China to free captives

The Chinese government, in an apparent attempt to enlist international sympathy in its conflict with Vietnam, announced yesterday that it would soon start to release Vietnamese prisoners taken in the recent border fighting, David Housego writes. Vice Foreign Minister Zhong Xidong (Chung Hsi-tung) also told a press conference in Peking that the fourth session of peace talks between the two countries would be held in Hanoi today.

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Imam Moussa al Sadr

Spectre of the Imam haunts Islamic feast at Fez

BY OUR FOREIGN STAFF

DELEGATES at the conference of Islamic foreign ministers at Fez, Morocco, yesterday took a break—on the Moslem day of rest—and attended the inauguration of a new dam at Oued al Mazbazine.

Today they must decide on vital resolutions relating to the Palestinian cause and Jerusalem. Already they have barred Egypt from the conference because of its bilateral peace treaty with Israel.

But after the shibboleths and slogans have been aired, one murky issue will remain

unresolved. It relates to the missing—perhaps phantom—personality of the Imam Moussa al Sadr, Iranian-born chief of the Lebanese Shiite community.

For the past two weeks the issue of the disappearance last year of the Imam, who graduated from the faculty of theology at the Ayatollah Khomeini's own power base in Qom, has been the subject of a curious diplomatic quarrel between Iran and Libya. In the corridors, as it were, the issue is known to have been the subject of much discussion at Fez.

Moussa al Sadr went to Lebanon in 1980 to head the impoverished Shiite community of Lebanon.

Last summer the Imam disappeared—he has never been seen or heard of since.

It is known that he visited Tripoli, but the Libyans say that he departed on a flight to Rome. The Italian authorities say that he never arrived at Fiumicino Airport—though they concede that someone carrying his passport may have passed through immigration control.

In Tehran the phantom Imam

is now assumed to be dead. Iran under its Shiite regime now accuses the Libyan regime of jailing him incommunicado, or even of disposing of him altogether.

In Lebanon the Iranian revolution has given the Lebanese Shiite community a badly needed morale-boost. But the disappearance of their leader has deprived the community of the guidance of the man who was credited for revival of Shiite rights here.

Under Moussa al Sadr, the Shiite community established its

first communal council. He launched the movement of the Deprived "demanding equal rights for members of his community—politically economically and socially. He then went deeper into Lebanese politics when he set up a Shiite militia and called it Amal, which in Arabic means "hope."

It is believed that the money to finance "Amal" came from Libya. A total of 30m Lebanese pounds (about \$10m) was involved.

The Libyans, according to the

story, provided the funds with the understanding Amal will stand firmly on the side of the guerrilla movement in the south against Israel and against Christian militias in the Beirut eastern suburbs, where a large Shiite community resided.

The Imam is reported to have angered the Libyans on two counts: he let Amal's militia men give up Shiite quarters in east Beirut, such as Nabaa and Karantina in 1978, and sided with the Syrians against the Palestinians that year.

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UK NEWS

Pre-Budget spree by consumers slow to start

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE EXPECTED surge in consumer spending to beat possible Budget increases in duty and value-added tax has so far failed to materialise, retailers said yesterday.

Although there were pockets of higher demand, most retailers felt that the Budget's expected date is still too far off for traditional pre-Budget spending to begin.

It was also suggested that the letter Budget—expected in early June instead of the more usual March or April—would upset usual trading patterns. With the peak holiday season approaching, for example, consumers may be less able to buy large durable items such as fridges because they need the money for holidays.

There seems little doubt, however, that consumer spending in general is recovering from the slow-down during the winter caused by strikes and bad weather. Statistics published earlier this week showed that sales in March were back to the level of last autumn.

All the main department store chains, including John Lewis Partnership, Marks & Spencer, and British Home Stores, report sharp rises in sales over the past few weeks. But most retailers found it difficult to any marked sales surge because of fears of higher VAT.

One important exception has been among electrical goods suppliers. Curry's, the electrical

Army file lost in the post

BY OUR BELFAST CORRESPONDENT

THE Ministry of Defence said yesterday that it was certain that the classified document acquired by the IRA was either lost or stolen while in the post and was not leaked to the Press. An intensive investigation is being carried out by the MoD and the Post Office. The way classified material is sent by registered post is to be reviewed immediately.

Mr. Francis Pym, the Defence Secretary is aware of the inquiry and is keeping closely in touch with the developments. A statement from the ministry yesterday said that the document which was secret but not top secret, was sent by registered post. "Our preliminary departmental investigations do not suggest any breach of the rules for handling such matters," it said.

Meanwhile as further details emerged yesterday of the secret document, Unionist politicians were angry at what they saw as an official admission that the terrorists could not be crushed. A copy of the MoD report entitled "Northern Ireland: Future Terrorist Trends" was shown to a Press Association reporter in Belfast. The official assessment, dated December 15 last year, examined in detail the strength and weaknesses of the IRA, the success of its new cell structure, its armory, its connections with other terrorist groups, its finances and manpower.

Mr. John Taylor of the official Unionist Party said the report appeared to be particularly accurate. "I trust everyone notes that the present tactics used by the Army could not win the war against the IRA," he said.

The Rev. Ian Paisley, leader of the Democratic Unionists, said the incident showed that army intelligence have been infiltrated in some way. Mr. Jim Kilfedder, Unionist MP for North Down, said the contents represented "a scandalous admission" by the army. "It would be a major boost to the IRA."

Mr. Gerry Fitt, leader of the Social Democratic and Labour Party, said it confirmed his views that there was no military solution. He called for a fresh political initiative from the new Government.

The report contains tables showing the IRA was acquiring weapons faster than the army recovered them. The IRA's armory was probably five times greater than officially estimated. The army must be prepared for the IRA to acquire, within the next five years, advanced weapon sights, anti-tank and anti-aircraft weapons like the Soviet-designed RPG 7 and SA 7 rockets and to use improved sniping techniques.

The document said Provisional leadership was deeply committed to a long campaign of attrition. The IRA had the dedication and the sinews of war to raise violence intermittently to at least the level of early 1978, certainly for the foreseeable future.

It put Provisional strength at about 1,350 but said the middle levels of leadership was unstable. Communications were weak.

The assessment said that under direct rule there would be a general atmosphere of political calm. Government policy would be principally one of containment and underlying problems would remain unsolved.

Coal-into-oil research given major boost

BRITAIN'S coal-into-oil research programme has been boosted by a major contract between the National Coal Board and consultants Matthew Hall Ortech of Manchester.

The contract, worth £700,000, is for the design of two pilot plants with a coal input of around 25 tonnes a day which will evaluate processes developed by the coal board at Cheltenham. Tests indicate that these processes could offer a competitive conversion of coal-into-oil, giving Britain an important alternative to oil as it begins to run out.

Matthew Hall Ortech will also handle the cost and design study for two commercial plants, with coal feed rates of 500 tonnes an hour.

Earlier this year the Department of Energy and the NCB signed an agreement under which the Government will provide £800,000 towards the £1.2m cost of further coal-into-oil research.

The NCB's scientists have found that it is possible to achieve yields of up to 50 gallons of petroleum spirit and 80 gallons of other fractions from one tonne of coal, and they are to research whether this can be repeated in pilot plants and ultimately on a fully commercial scale. The yields are much greater than those which Sasol has obtained. Sasol uses well-established technology to produce oil from coal in South Africa.

One of the processes to be investigated will use solvent properties of supercritical gases to produce an extract for hydrogenation. The other will use a liquid solvent in both cases the operation involves breaking down coal to produce a liquid similar to crude oil. The laboratory work indicates that both processes yield a fuel suitable for combustion engines or as feedstock for the chemical industry.

The NCB's processes are apparently able to utilise a wide variety of coal grades in the UK and would not be limited to particular bands of coal quality. No decision has yet been made on location of the pilot plants which are likely to be built in about 18 months.

Striking a blow for the half-penny

BY COLLEEN TOOMEY

HOWEVER DESPISED the half-penny coin may be by consumers, circulation exceeds 2bn and the Royal Mint continues to produce more coins.

Nearly 94m new half-penny coins were struck last year—a decrease in 1977's 223.7m, but many of those coins are still in circulation. Valued highly by the grocery trade, 79 per cent of 10,000 grocery items in UK stores are priced with an added half-penny.

The increased numbers of gas and electricity meters taking 50p pieces resulted in a big production increase of these coins from 27m in 1977 to 97.4m last year.

A total of 1.87bn coins were produced by the Royal Mint last year, over 52 per cent for overseas governments. This makes it the biggest coin exporter in the Western world, accounting for 75 per cent of all exports.

The Mint also struck 84,736 medals during the year, including the Westminster Abbey medal to mark the 25th anniversary of the Queen's coronation, the Tower of London 900th anniversary medal and the Sir Isaac Newton medal.

Yesterday's production announcement coincided with the annual "Verdict of the Trial of the Pyx" which ensures that UK gold, silver and cupro-nickel coins have been produced to the standards of weight, diameter and composition prescribed by law. Results will be made public today.

U.S. prize for medical work

SIR RICHARD DOLL, Regius Professor of Medicine at Oxford University, has been presented with a gold medal and £50,000 for his work on environmental causes of cancer. The award was made by General Motors Cancer Research Foundation in Washington, D.C.

'Political bankruptcy' threat to the West

BY DAVID FREUD

IF PUBLIC spending in the West continues to increase faster than economic output, governments will become politically bankrupt, according to Professor Richard Rose of Strathclyde University.

At an Institute of Fiscal Studies lecture in London yesterday he said that in Britain the increase in public spending threatened to consume all the gains of economic growth.

"As and when this happens, take-home pay must fall," he added. And if governments stuck to their spending commitments, even though increased taxes to pay for them led to falling real wages, people would increasingly ignore government wishes.

Among symptoms of the Government's political bankruptcy would be increased interest and tax evasion and avoidance, as people decided to look after their own interests.

The only way governments could prevent the drift to political bankruptcy was to put brakes on future spending, by restricting increases in things like pensions, teachers' salaries and health service spending.

Land and building sales reached £19bn last year

THE VALUE of sales of land and buildings in England and Wales in 1978 reached nearly £19bn, according to Inland Revenue figures.

The 1978 total compares with £12bn in 1973 and £10bn in 1974, the last years for which comparable figures are available. Much of the increase reflects rising house prices.

The Inland Revenue says the value of residential property sold in England and Wales last year totalled £15.25bn against £12.5bn in the previous twelve months. Non-residential sales were worth £3.75bn against £2.61bn a year earlier.

IR figures show that from December 1976 to December 1977 both the number and value of residential property transactions increased in all regions. For non-residential property, there was a value increase in each area except the north-west.

A survey conducted during one week in November 1977 showed that 20 per cent of residential sales and 30 per cent of commercial transactions related to leasehold properties. Most residential leasehold properties were below £15,000.

About 80 per cent of commercial leasehold properties sold had leases with less than 35 years to run. This compared

Thames TV drama chief

MR. JOHN FRANKAU will become controller of drama for Thames Television in July. He succeeds Miss Verity Lambert, who has been chief executive and creative controller of Thames's film-making subsidiary, Euston Films, since January.

After Mr. Frankau joins the company, Miss Lambert will devote all her time to Euston films.

Mr. Frankau who began his career in television in 1955 as a BBC floor manager, is producer and director of London Weekend's series Kids.

Fewer ex-servicemen register for jobs

BY LISA WOOD

FEWER EX-SERVICEMEN registered with the Regular Forces Employment Association in 1978 than in the previous year.

About 8,700 ex-Regulars registered with the association last year compared with 9,590, and a slightly greater proportion were placed in employment, 63 per cent against 62 per cent in 1977.

This was disclosed yesterday in the 1978 annual report of the association, by Admiral Sir Desmond Dreyer, the president.

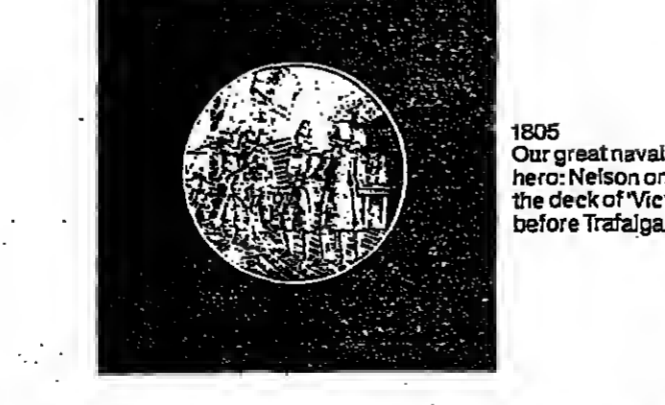
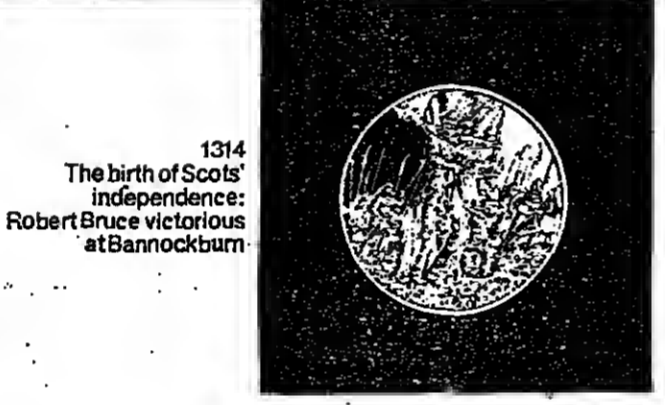
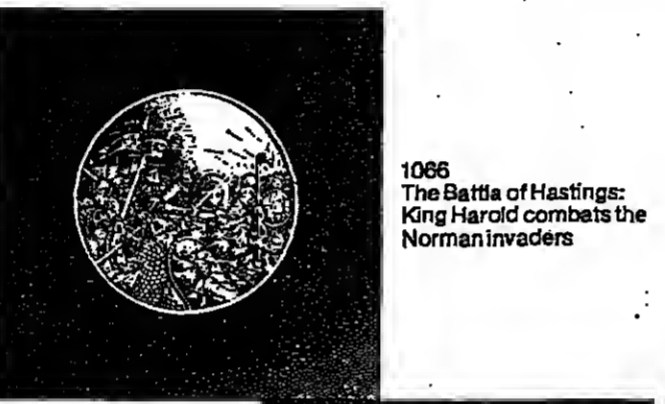
A major factor in the fall in registrations was said to be the

Hailsham pledge on lists

LORD HAILSHAM, the Lord Chancellor, pledged himself yesterday to "getting rid of" court waiting lists. Opening a new extension and modernised court buildings in Uxbridge, he said: "One of the reasons why law and order is in such a bad state is because of these arrears. They have reached an unacceptable state."

"I am told by the officers of this court that if I committed an offence in this district today, which I am not contemplating, it would be a matter of weeks or months before I was dealt with."

"We must make up our minds to get rid of these arrears in our courts. I mean to make it my business if I can and with your help, to bring it down."



Medals shown actual size: 32mm in diameter. Weight: 12.3 grammes.

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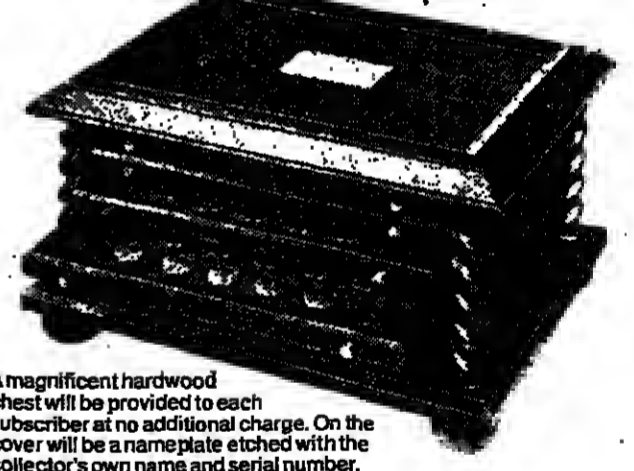
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UK NEWS

LABOUR NEWS

Top accounting firms hold merger talks

BY MICHAEL LAFFERTY

ARTHUR ANDERSEN and Tansley Witt, two of Britain's leading accounting firms, are holding merger discussions.

Arthur Andersen ranks about ninth in terms of audits of Britain's leading industrial companies, while Tansley Witt comes in about 16th place.

The revelation that Tansley Witt is holding these discussions is regarded within the profession as an indication that the UK firm is dissatisfied with the existing Alexander Grant Tansley Witt international grouping to which it belongs.

Apart from Tansley Witt, the group comprises Alexander Grant, one of the largest accounting firms in the U.S. outside the big eight, Hungerfords, one of the largest accounting firms in Australia, and Jarrett Gould and Elliott of Canada.

In Europe the group includes significant national firms such as Beratungs-und Prüfungs-Union of Germany, Société Technique de Révisions et d'Etudes Compétables of France, Revisionsfirmaet E. Lundgaard Andersen of Denmark, and Fiduciare Générale de Luxembourg, the largest accounting firm in the principality.

City accountants were describing the possibility of a link between the two firms as a takeover by Arthur Andersen.

Throughout the world Arthur Andersen is regarded as the most centralised and possibly the most competitive of all the big accounting firms.

Among Tansley Witt's biggest clients are names like Cadbury Schweppes (a joint audit with Arthur Young), News International, William Press, Michelin Tyre, Charles Fulton, Collet Dickinson Pearce, and Senior Engineering.

A statement from Arthur Andersen last night said: "We confirm that there have been some discussions between the British partnership of Arthur Andersen and the partners of Tansley Witt. The discussions are continuing. They are at a preliminary stage and there are no similar discussions going on anywhere else. Any further comment would be speculative."

Cabinet conflict on prices body

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FUTURE of the Price Commission is expected to be announced next week in the Queen's Speech and the decision is likely to mean the end of the Commission in its present form.

But there are conflicting views within the Government as to the best way to wind it up. Although the Government's intention has not been made clear soon enough for some industrialists, there has never been any real doubt that a Conservative Government would keep in existence a body described by Tory leaders as a "Mafia-like star chamber."

The most likely move would be to link parts of the commission with the Office of Fair Trading, perhaps renaming it the Office of Prices and Fair Trading. Alternatively, the Price Commission may be merged with the Monopolies Commission. This option seems unlikely since it appeared in

the Labour Party manifesto. Another possibility is for the commission to be gradually run-down until the terms of office of its Members expire over the next few months. Mr. Nott could also use his power of veto to end existing investigations and prevent new ones. Or he could allow investigations to continue but only act on the commission's recommendations in exceptional circumstances.

Because of the various options open, the Government may decide to await the outcome of the review of all the agencies responsible for competition policy. Mrs. Oppenheim made her position clear yesterday when, after a meeting in Paris to discuss retailing in Europe, she said that "the preference of the new Government for less State intervention in industry is well known." She said that "the greatest success in reducing prices in Britain in the past two years has come from competition in the retail sector rather than from price controls."

Special advisers for Treasury

By Peter Riddell, Economics Correspondent

A STRONG team of special advisers has been appointed to support Sir Geoffrey Howe, the new Chancellor of the Exchequer, and the other Treasury ministers.

Mr. Adam Ridley, one of the main architects of Conservative economic thinking in opposition, has been appointed a special adviser to Sir Geoffrey at the Treasury.

In addition Mr. Peter Cropper, a tax expert, will act as a special adviser to Mr. John Biffen, the Chief Secretary to the Treasury and Mr. George Cardona, a public expenditure specialist, will also be an adviser.

All three have been closely involved in the preparation of Tory economic plans in the last few years. Members of the team have already started to have detailed discussions with Treasury officials about the implementation of Conservative proposals.

Mr. Denis Healey, the last Chancellor, had one special adviser, Mr. Derek Scott, an economist. He was particularly concerned with political and trade union liaison, notably on pay policy.

The key member of the new Tory team is Mr. Ridley. Aged 36 he was an economist in Whitehall before becoming one of the founder members of the Think Tank (the Central Policy Review Staff) in 1971. After 1974 he was appointed economic adviser to the Conservative Shadow Cabinet with special responsibilities to the leader and was assistant director of the Conservative Research Department from 1974 to 1979.

Mr. Ridley has throughout the period been involved both in day-to-day advice and in the longer-term development of Tory economic strategy. His close knowledge of Whitehall will give him an obvious advantage in the hard bargaining to be done in the forthcoming public spending review.

Mr. Cropper, aged 51, has worked in the City as a stockbroker and since 1975 has been responsible for taxation policy at the Research Department, working with Sir Geoffrey and Lord Cockfield, the new Minister of State at the Treasury.

£5m ferry scheme at Ramsgate

By Ian Hargreaves, Shipping Correspondent

A £5m extension to the Ramsgate, Kent, ferry terminal is to be built to accommodate a new cross-Channel service to Dunkirk. Olau Line A/S of Denmark and the Thanet District Council will share the costs evenly.

Mr. Ian Gill, the council's chief executive, said the development was a major step in the area's economic expansion.

The plan involves reclaiming 20 acres of land, building a new harbour wall and dredging work to make the port usable 24-hours a day. It is hoped that the Olau service will start next spring, using the Olau-Kent, a ferry with capacity for 960 passengers and 260 cars.

The ferry is now in the Olau Line UK service between Sheerness and Flushing. Olau Line UK is owned 50 per cent by Olau Line of Denmark and 50 per cent by TT Line of West Germany.

Mr. Gill said that eventually it would be possible to increase facilities at Ramsgate from one to three berths. At present, the tidal port is used only for a small volume of freight business. Olau Line already owns port equipment and has access to facilities in Dunkirk.

PhD accounting scholarships

TWO PhD scholarships in accounting are being offered by Thomson McIntock and Co., chartered accountants.

The scholarships are worth £7,500 over three years as well as all fees at the University of Glasgow.

The company said it was pleased to play a practical part in research at the university.

Energy adviser

Mr. Michael Portillo, 25, has been appointed adviser to the Secretary of State for Energy.

Since 1976 he has worked on energy subjects at the Conservative Research Department. He was educated at Peterhouse, Cambridge.

Further Bass price rise allowed

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION yesterday allowed Bass a further interim price rise which is likely to mean an extra 1p on a pint of beer.

The increase means the commission has now allowed nearly the whole 3p per pint rise which Bass sought but which had been held back by the commission. Whitbread, which had also had its prices restricted by the commission, was last week allowed another price rise to bring it up to the full 3p per pint sought.

Yesterday's announcement by the commission was for increases of 2.01 per cent on the wholesale price charged by Bass for its own beers and 2.88 per cent on beer in its managed houses. Bass has therefore still not received the full 7.94 per cent originally sought on wholesale prices, but only 4.27 per cent. It has received the full amount sought on beer prices in managed houses.

It seems likely, however, that Bass will decide to put 1p on the price of most of its beers, both wholesale and in managed houses.

Beer production in March was 3 per cent higher than last year, but the overall increases for the first quarter were only 0.1 per cent. Production in March was 3.5m barrels.

The Brewers' Society said yesterday that the March figure balanced the poor showing in January which was due to the bad weather and industrial disputes. March also saw some stock-piling in anticipation of the then expected budget.

It emerged last night that Grand Metropolitan, which owns Watney, was buying public houses and licensed taverns from EMI for £1.5m in cash. The deal would mark the withdrawal of EMI from a small part of its operations.

Scheme to bring back salmon to the Thames

BY COLLEEN TOOMEY

MORE THAN 50,000 baby salmon will be released into the Thames this month as the first step in a £500,000 rehabilitation scheme.

The Thames Water Authority, who are backing the 22-year scheme, hope that by 1982 mature breeding salmon will return to the river. The last true Thames salmon was caught in 1833 although some have appeared since while attempting to cross the estuary.

Fifteen years ago the Thames was regarded as "dead." During Victorian times the sewerage scheme was so appalling that the House of Commons hung disinfectant-soaked sheets across the windows to avoid the stench. Today, 97 species of fish exist in the London area of the river.

The authority's senior fisheries officer, Mr. Michael Bullied, yesterday said the authority hoped to re-establish the salmon's breeding cycle. Salmon brought from the north of Scotland to the authority's fish farm at Kempton Park will, on May 24, be transferred by land rover trailer into ten Thames tributaries, including the Surrey Estuary at Chobham.

In spite of fears by some Thames anglers that fishing charges will increase with the advent of mature salmon, there is at least some comfort to be gained: the Port of London

Authority has offered £500 price money for the first Thames salmon taken on rod and line.

Drive to boost sales of white Bordeaux

By Our Commodities Editor

A CAMPAIGN to boost sales of Bordeaux dry white wines in Britain was launched yesterday by the Bordeaux wine growers' cooperative.

It is claimed that despite a poor crop in 1978, and a disastrous year in 1977, there were more than adequate supplies to meet likely demand. The danger period for frost this year is nearly ended with very little damage, despite the cold winter.

Prices are described as "reasonable," ranging between £1.50 and £2 a bottle in the UK, about 10 per cent up on last year, against much higher increases for other wines.

Bordeaux is best known for its red wines, but it is also a major supplier of white wines to Britain, especially medium and sweet brands. Growers have noted a trend toward dry white wines, and are anxious that Bordeaux brands should become better known, to retain their share of sales.

Meetings in public on accounting standards

By Michael Lafferty

THE ACCOUNTING Standards Committee, the rule-making body on UK accounting matters, called a series of public meetings to discuss its own future.

The move follows the publication last September of a discussion paper about the future of standard-setting in accounting. The paper attracted many comments, including 126 written submissions from interested parties.

The committee believes that public meetings should now be held to give members an opportunity to gain a fuller understanding of written submissions.

Rapid

The public hearings will be held on Thursday, July 5 in Glasgow; Wednesday, July 11 in Dublin and Thursday, July 19 in London. The London hearing will continue, if necessary, into July 20.

As a general rule, the Accounting Standards Committee will only accept requests to speak from those who have made written submissions on the consultative document. Those wishing to speak are asked to notify the committee's secretary at PO Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 3BJ not later than June 8.

'Electric cars in use in 10 years'

CARS POWERED by tiny fuel cells similar to those used in the American Apollo spacecraft could be on the roads in 10 years, say scientists at Leeds University.

The scientists claim to be on the brink of discovering an answer to the world's fuel crisis. Dr. Arthur Howe, 36, and Dr. Mark Shilton, 27, in the Department of Inorganic and Structural Chemistry believe they have discovered a substance which goes a long way towards providing a new material for fuel cells.

Submissions

The university said yesterday. "The discovery will undoubtedly help researchers in many parts of the world, and progress in this field is now likely to be very rapid."

The cells, using a material known as EUP (hydrogen uranyl phosphate) could be produced cheaply and would make petrol unnecessary in a car.

"It would be more expensive to run than an oil-powered car, but at least it would be there. Australian-born Dr. Howe said. He added that the type of electric motor that would be powered by a fuel cell would have 20 times the life of a combustion engine. It would be almost silent, pollution-free, and would not cost much to maintain.



Hear no evil, see no evil... Mrs. Thatcher and Herr Schmidt, the German Chancellor, at a Press Conference in Millbank Tower, London, yesterday.

Insurance companies call for 'stock relief'

BY ERIC SHORT

SIR GEOFFREY HOWE, the Chancellor has been urged to give a "stock relief" to the financial sector by Mr. Ron Peet, chairman of the British Insurance Association and chief executive of Legal and General Assurance.

This is one of the BIA's main points in its pre-Budget representations on matters affecting the insurance industry.

Mr. Peet says that profits on conventional accounting bases make insufficient allowance for the cost of maintaining a business during periods of inflation. This deficiency is recognised as far as industry is concerned by permitting stock relief, and an extension to the financial sector would enable them to preserve the same real level of business in an inflationary period. The BIA also calls for three

other major changes and several minor changes to be included in the Budget. It urges the Government to scrap the prices code quickly in order to encourage companies to increase investment and expand capacity.

It seeks the abolition of the surcharge on employers' National Insurance contributions, which it claims adversely affects the insurance industry's international competitiveness.

It urges the Government to repeal legislation which has brought the prospect of all private development land being taken into public ownership. It believes that the combined effect of the Community Land Act and Development Land Tax has inhibited the availability of land for development.

Race relations chief seeks Tory pledge of reforms

BY PAUL TAYLOR

THE GOVERNMENT was yesterday urged to include in the Queen's Speech a commitment to improve race relations and a promise to review the law on public order and freedom of speech. The request came from Mr. David Lane, chairman of the Commission for Racial Equality.

In a speech to Leicester Council for Community Relations, Mr. Lane said the Commission wanted to see in the Queen's Speech an assurance of "full-hearted support" and a commitment to positive work for the improvement of race relations.

Mr. Lane said that the task of resolving tensions and dealing with racial hatreds was rightly emphasised during and after the General Election as "one of the Government's overriding tasks."

An important part of the task would be the process of tackling the discrimination and disadvantage suffered by ethnic minorities.

Mr. Lane gave a warning that Britain could never be one nation without racial justice and racial harmony. "Leadership and example by the Government are vital," he said.

While the National Front had been "well trowned" at the election box, showing that the British people rejected the politics of racialism, Mr. Lane said that the Front's activities in the General Election campaign

led to several outbreaks of violence. "Particularly deplorable were the events in Southall, gross provocation by the National Front, attacks on the police by protesters and over-reaction by the police," said Mr. Lane. These events had "gravely damaged" the relationship between the Asian community and the police.

In the light of recent experiences at Southall, Leicester and elsewhere the Government and Parliament should presently review the Public Order Act and the Representation of the People Act, Mr. Lane said.

New chancellor for university

DR. GORDON HODDAY, the new Chancellor of the University of Nottingham, will be installed today.

Dr. Hoday, chairman of the Board Company, graduated from the old University College, Nottingham and has been a member of the university council since 1968.

Energy adviser

Mr. Michael Portillo, 25, has been appointed adviser to the Secretary of State for Energy.

Since 1976 he has worked on energy subjects at the Conservative Research Department. He was educated at Peterhouse, Cambridge.

Closer Lakeland watch on water schemes

MEMBERS OF the Lake District Special Planning Board will in future visit sites of the four schemes being considered by the North-West Water Authority for expansion of water resources to study their feasibility and environmental impact.

The Board's planning committee, in a private session yesterday, considered in detail the Water Authority's environ-

mental appraisal of the schemes, Heweswater, in the Lake District National Park; Borrow Beck, near Shap on the fringe of the park; Hellfield, near Settle; and Morecambe Bay.

Afterwards, Mr. John Ralton, committee chairman, said: "We have decided to visit the four schemes before making our recommendations to the Water Authority. It is the only way to make an objective appraisal."

He said they would be interested to hear what district councils and parish councils had to say.

"The Board will not be taking sides," he said, "but we will comment on the feasibility and environmental impact of each scheme, and our comments will go to the Water Authority by the date they asked, August 1."

tee will meet today to discuss whether to lodge a formal objection to a proposal by British Nuclear Fuels to raise the level of Wastwater by four feet. Wastwater was included in about 32,000 acres of common land given to the National Trust for preservation earlier this month.

British Nuclear Fuels wants the level of the lake raised to provide more water for its plant at Windscale.

Union chiefs a 10% postmen?

BY PHILIP BASSETT AND NICK GARNETT

AN INTERIM pay deal worth about 10 per cent for postmen and sorters has been accepted by the executive of the Union of Post Office Workers. The deal has to be endorsed by the union's annual conference, starting at the end of next week.

After that the executive will seek discussions with the Post Office Board for further pay improvements during the present wage round. The talks will centre on the union's intention of securing higher pay consolidation and a change in the settlement date from January to July.

Union negotiators have also told the Post Office that a final deal for postmen must take into account the size of any settlement achieved with its telecommunications staff.

Telecommunications staff have not been given an offer which would give some groups rises averaging 17 per cent over 15 months.

But six unions representing 200,000 telecommunications workers decided yesterday that their offer was unsatisfactory.

NALGO seeks 15% rise for 500,000 staff

BY ALAN PIKE, LABOUR CORRESPONDENT

DELEGATES representing 500,000 white collar local government staff yesterday decided to submit a 15 per cent claim in one of the last big negotiations of the annual pay round.

The claim, due for settlement on July 1, also seeks a 35-hour week and longer holidays. On pay it seeks a £60 per week minimum to protect lower paid staff.

Delegates at yesterday's conference were persuaded to keep their target wages to 15 per cent, impossible to demand in the case of the into difficult. Mr. Mich...

Methven plea for s in industrial legisla

BY OUR LABOUR CORRESPONDENT

INDUSTRY DID not want an industrial relations legislation upheaval, as a result of the change of Government, Sir John Methven, director general of the Confederation of British Industry, told the Industrial and Commercial Techniques conference in London yesterday.

"The only confrontation we need is the confrontation of some very real industrial problems with constructive ideas, a spirit of goodwill, respect for democracy and sense of the national interest."

First there must be proper consultation and the new Government ideas with the CBI. Sir John... where change most impor shop and pie exist at all. operate with for all and fr don't at the. Lawful pick struck to en and their un end limited i the employe in the dispute

Overtime ban at B by 8,000 foremen

THE 8,000 FOREMEN at BL's 34 car plants have begun a company-wide overtime ban. This action follows what they regard as the company's refusal to pay new overtime and night shift rates which are being paid to the manual workers and some office staff.

Mr. Leo Benning, a foreman at Pressed Steel Fisher, Cowley, who is chairman of the factory branch of the Association of Scientific, Technical and

Benn calls for mass to unions at Times

BY MAX WILKINSON

MR. ANTHONY WEDGWOOD BENN has issued a call to trade unionists throughout Britain to help in the fight against "Times Newspapers" attempt to introduce new work agreements for its print workers.

Mr. Benn's call, couched in the language of the trade union Left, was published shortly after his announcement that he would not serve in Mr. Callaghan's Shadow Cabinet.

Living standards

Commenting on the opposition by some groups of Times workers to management proposals, Mr. Benn says: "What we are seeing is a fight to the finish between the foreign multinational determined to defend its wealth and power and British workers who are defending their profession, and Press freedom.

In that struggle none of us deters to be neutral, for if the Thomson Organisation (owner of the Times) wins, there will follow an even wider and more prolonged attack upon those in every industry in Britain who look to the trade unions to defend their jobs and living standards."

Mr. Benn's statement was published in a paper called The Times Challenger, produced by unions with members at Times Newspapers. The Times, the Sunday Times and the three sunnle-ments have been off the streets

Nowhere in the United States is there a city that has as much to offer as Los Angeles does... and nowhere in Los Angeles does a hotel offer as much as the Beverly Wilshire—a grand-luxe hotel with epicurean service and facilities. Beverly Hills, California 90212. Reservations—London: 014-23345. Fax: 23345. Telex: 638-220. Represented by IRI-The Leading Hotels of the World. Member of the Preferred Hotels Association.

RUTH BATTLE

THE WEEK IN THE MARKETS

Not much of a honeymoon

The stockmarket has not given Mrs Thatcher a honeymoon. It has not even been content to drift sideways towards the budget but has gone into a dive before its recovery yesterday. The FT 30 share index had fallen 25 points in three days, and gills were off by up to £3 against the background of a weakening pound.

Much of the fall can be put down to technical factors. Speculative money which had been riding on equities, and in the partly-paid gilt-edged stock over the election period, has this week been trying to get out. But there have also been fundamental problems. It was only to have been expected that the market should examine the background to rather more critically than during the election campaign, but a uniformly grim set of statistics has darkened the picture considerably. Jumps in wholesale and retail prices, a continuing rising trend in government borrowing and signs that the money supply is running above target all suggest upward pressure on interest rates.

Stores waver

Some evidence that share prices have been overreaching themselves recently was presaged by the reaction to Sainsbury's profits during the week. Good though they were, the shares dropped 23p to 245p and have since fallen a further 5p.

Sainsbury climbed 18 per cent to £32.7m pre-tax while volume sales advanced by 16 per cent. Net margins slipped only a fraction to 3.16 per cent which can only be viewed as a very creditable performance when the effects of the transport strike and a fierce winter are taken into account. The current year has apparently started well and the group plans to expand its selling area by 30 per cent over the next three years.

The response to a brace of impressive figures from Sears and Marks and Spencer may

LONDON ONLOOKER

have been less harsh by comparison but it was nonetheless muted. Sears improved pre-tax profits by 39 per cent to £91m and something comfortably over £100m must be expected this year. The shares dipped 1 1/2p to 581p where they still stand. Footwear retailing was primarily responsible for the advance where trading profits increased by a third to £58.8m. Loss elimination in the U.S. food and engineering also helped as did a very strong contribution from the William Hill

bookmaking chain. Selfridges reflected the declining number of tourists to London and was the only division to suffer a profit shortfall.

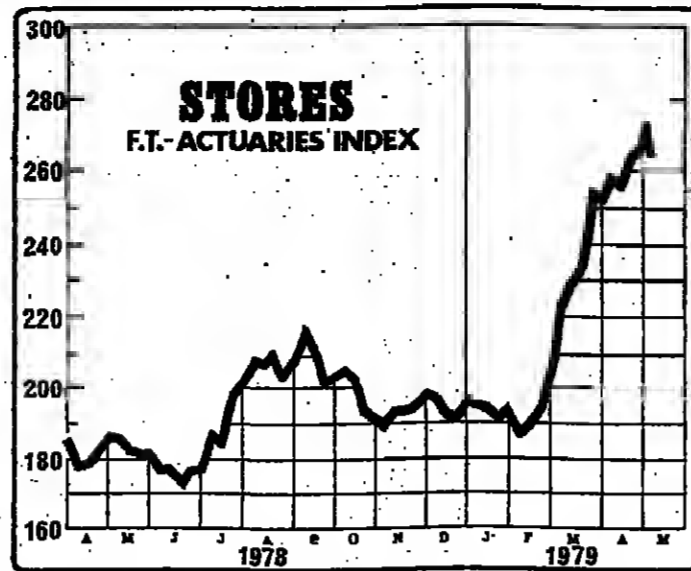
No such inhibitions at Marks and Spencer where a UK pre-tax rise of a third to £163.8m on a 20 per cent sales increase was accompanied by a recovery in net margins to 12 per cent.

Again, the final quarter suffered the effects of the haulage dispute and the freeze-up but the group still managed an overall turnover improvement of 21 per cent in clothing and a gain of 18 per cent on the food side.

Canadian operations remained in deficit although the absence of reorganisation costs of £1.6m should be enough to produce a profit this year and Europe is expected to build on the £2.8m turnaround to profits last year of £1.1m. The shares, however, dropped 3p to 125p on the results and have subsequently fallen back to 124p. But the shares are on a p/e of around 19 at this level and the sector has begun to see some switching from Marks and Spencer into British Home Stores.

BHS reported at the end of last month and promptly added 3p to 248p when, with the help of a reduction in low margin food emphasis, profits increased by 24 per cent before a £2m pension provision and increased depreciation charges.

At this level the shares were rated on a 14.4 fully taxed historic p/e but the subsequent



fall in the share price to a level of around 270p suggests that the switching message has been received and understood.

Costain's cash

Richard Costain was another company to disappoint the market with its 1978 results. But as pre-tax profits rose 30 per cent to £46.9m it seemed that the market had let its expectations get out of hand. Most of the leap in profits appears to have come from the Middle East, where major building and dredging work is nearing completion.

The only worrying feature of Costain's figures was the order book down to £58m from £700m last summer. Some of the drop is accounted for by

the loss of Iranian work and the deconsolidation of the group's Nigerian subsidiary, but the most important feature is the fall in the Middle East work. Costain is not too worried. For one thing, it is confident of finding some new work in the region—although it has not yet been officially announced the group looks likely to land the Baghdad airport contract.

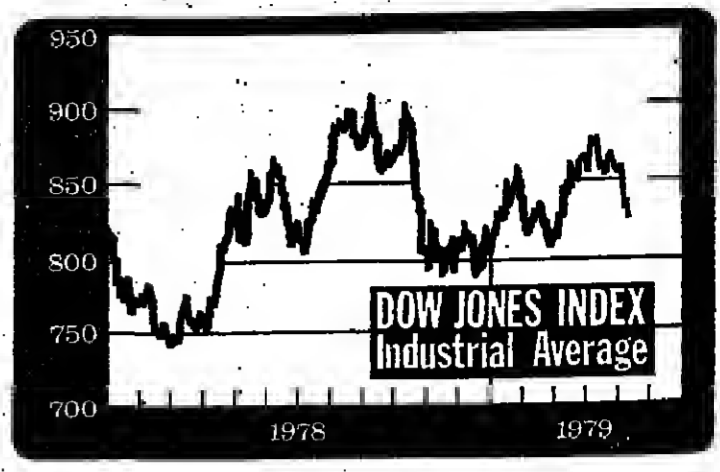
The group has always regarded the Middle Eastern bonanza as an opportunity unlikely to be repeated. It has used this work to build up a substantial pile of cash—probably around £90m at the end of 1978—with which to pursue other markets through acquisition. So far Costain has not allowed this money to go to its head—all it has done is nibble at Capital and Counties Properties, where it now holds 7 per cent.

Cultural shockwaves

IN THE LAST few weeks, U.S. stocks have provided marginally more entertainment than a man cleaning windows and somewhat less than a street vendor. The Dow Jones Industrial Average has ricocheted between 840 and 880 like an electronic tennis game and for most investors the only real excitement has come from discovering a takeover target in their portfolios.

However, in the last few sessions the market has made a break for lower ground and has dug down to the level of early March. Tight oil supplies add something of a cultural shock appear to be the key to this plunge. California is traditionally the supplier of cultural shocks to the American system but its latest product is a departure from the "alternate life styles" which are its usual speciality. The quality of life in the West has taken a serious turn for worse in the last week or so for a smudged people have been filling their waking hours parked in queues outside petrol stations.

President Jimmy Carter and the oil companies agree on little else but they do say California is having a foretaste of what America can expect in this coming summer. This is howlerdog most Americans for there is no Arab oil embargo to explain a petrol shortage as



Bank last Friday raised its prime rate back to 11 1/2 per cent and the money supply, after more than four months of zero growth, is threatening to put its climbing boots back on.

Now none of these developments need come as any great surprise. The quietest of life supply has long been an object of suspicion among economists who believe there are large sums of money invested in new debt instruments which are evading the Fed's counting machines. Moreover, interest rates have been threatening to climb with each step the economy has taken up the inflationary ladder and the only doubt has been when and how far they would rise. But from January until April the market chose to hank in the warmth of stable interest rates and to concentrate good corporate earnings results and major takeover situations rather than to peer too far into the future.

Recent economic developments are now forcing a change of focus and the resurrection of the eternal speculation as to when interest rates will peak and thus clear the way for a possibly genuine recovery in stock prices. Now the peaking of interest rates is as uncertain as which side President Carter will decide to part his hair when he gets up in the morning. The Fed appears to have the Administration's full backing to take interest rates as high as is necessary to get a grip on the inflation rate. Mr. Roger Altman, assistant secretary of the Treasury for domestic finance, was totally emphatic on this in a speech on Thursday. Drawing attention to the novelty of a Democratic Administration taking a benign view of rising interest rates, he stressed that such is the government's determination to reduce inflation that if the Fed moves further "we will be supportive... that is testimony to our resolve on this matter."

The Administration needs resolve, effective policies and also good fortune if President Carter is not going to campaign for re-election next year with inflation running at around 10 per cent. His problem is that if it is lower it may be because the economy is in a recession which in turn will have increased unemployment. Mr. Altman's boss, Mr. Michael Blumenthal, the Treasury Secretary, this week intoned the Administration's official forecast of a 7.4 per cent rate of inflation for this year and thought it would more likely be 8 per cent but saw no prospect of recession either, forecasting a real growth rate for the year of between 2 and 3 per cent.

High interest rates, high inflation and a relatively vigorous economy are not promising material for the stock market to weave into a sustained rally. With capital appreciation, most investors will be lucky to get an 8 per cent return from their stocks this year, which is why a large volume of private investors appear to be putting a large slice of their funds into money market investments where current yields are between 9 1/2 and 10 per cent. Optimists say that a good proportion of the more than \$20bn in these money market funds will eventually find its way into stocks when interest rates level off and start to fall. But such is the preoccupation with guaranteed yield these days that the lion's share could just as likely be switched into corporate and government bond funds where prices are currently depressed and where the potential for capital appreciation and confirmed yield would seem to be greater.

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Tuesday	834.89	+1.47
Wednesday	838.62	+3.73
Thursday	828.92	-9.70

MARKET HIGHLIGHTS OF THE WEEK

	Price Ytd	Change on Week	1979 High	1979 Low	
Ind. Ord. Index	532.8	-25.8	558.6	446.1	Profit-taking/lack of buyers
Govt. Secs. Index	737.9	-2.12	759.1	64.64	Disappointing economic pointers
Gold Mines Index	165.8	+8.0	183.8	129.9	Rise in bullion price
British Northrop	56	-13	72	56	Poor annual results
Chersonese	53	-13	67	47	Barlow group merger proposals
Costain	210	-16	226	144	Profits below estimates
Cullen's	152	+14	152	126	Speculative demand
Davenport's Brewery	118	-11	133	72	Interim profits downturn
Fairbairn Lawson	32	-6	68	31	Confirmation of sub's £1m loss
Kanumting	90	+10	95	66	Far Eastern buying
Lesney Products	57	-19	89	55	Poor annual results
Lloyds Scottish	130	-12	145	98	Disappointing interim figs.
Lonrho	74	-10	90	62	Bid for SUITs succeeds
Milletts Leisure	184	+20	184	125	Sharp rise in earnings
Mothercare	174	-12	190	132	Disappointing results
Royal Insurance	298	-35	443	325	First-quarter profits setback
Sainsbury (J)	340	-28	370	223	Disappointing results
Standard Chartered	513	-22	535	430	Proposed £76m rights issue
Union Corp.	387	+32	387	255	Strength of bullion and golds
Utd. Engineering	137	+14	137	81	Results/proposed scrip issue

U.K. INDICES

Average week to	May 11	May 4	April 27
FINANCIAL TIMES			
Govt. Secs.	74.38	75.45	74.88
Fixed Interest	76.76	77.38	76.86
Indust. Ord.	538.4	549.0	546.1
Gold Mines	163.9	154.3	149.5
Do. (Ex 5 pm)	132.2	123.0	119.3
Dealings mks.	5,359	6,946	5,752

FT ACTUARIES

Capital Gds.	281.57	281.86	278.34
Consumer (Durable)	254.91	254.49	252.17
Cons. (Non-Durable)	262.81	263.70	261.82
Inds. Group	267.20	267.40	264.97
500-Share	301.09	302.29	299.56
Financial Gp.	214.92	217.05	212.58
All-Share	277.02	278.51	275.53
Red. Debt.	61.71	61.64	60.99

Standard Chartered

A number of large rights issues were believed to be waiting in the wings ahead of the general election and Standard Chartered was one of the most obvious candidates. Following its £180m purchase of Union Bancorp, its balance sheet ratios looked badly out of line. Consequently, this week's £76m rights issue was not a big surprise. It will improve the bank's capital ratios but even so they are still below the average for the London clearing banks.

Investors have fought shy of Standard Chartered for many years because of its exposure to South Africa where the group's largest overseas subsidiary is located. The Union Bancorp purchase will reduce the reliance on this politically sensitive area and some 25 per cent of group assets are now located in North America.

Why investment conditions favour the Save & Prosper Property Fund

With rents continuing to rise, capital values of commercial and industrial properties have been moving ahead. Rental growth has been particularly marked in shop properties—in some cases up by 30%—where increased spending has led to buoyant conditions. Rents of prime commercial properties in the City of London have also increased significantly.

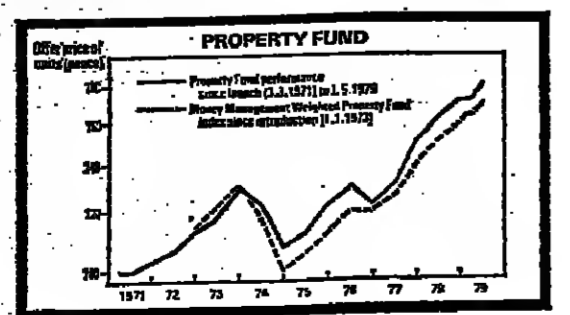
Given greater economic and political stability in the months ahead the outlook for further rental growth in these and other sectors of the property market is strongly enhanced. This should be of particular benefit to the Save & Prosper Property Fund which has 45% of its assets in prime shop properties and a further 30% in offices, including a substantial commitment in the City of London. Over the next three years 34 of the 61 properties held have rent reviews and this should lead to substantial increases in the income of the Fund.

Rental growth has also reinforced demand from insurance companies and pension funds for prime commercial and industrial property. Many investment managers are pursuing a policy of building up their property holdings to 20-25% of their assets—a figure that many private investors might also consider appropriate.

With institutional demand likely to remain strong, we believe that the Save & Prosper Property Fund currently offers an attractive investment opportunity.

Past performance

Since the launch in 1971 the Fund has performed well, showing an 81.6% increase in the offer price of units to 8th May 1979.



Investment policy

Our policy has always been to invest in medium-sized prime properties in carefully selected locations. Such properties are usually in demand when economic conditions are good, and they tend to remain marketable during difficult times.

ANALYSIS OF FUND BY TYPE OF PROPERTY							
	30%	30%	30%	10%			
	Shops	Offices	Industrial	Cash			
*Includes 7.5% development commitment.							
ANALYSIS OF RENT-REVIEWS							
Type of property	Number	1979	1980	1981	1982	1983	1984
Shops	43	3	8	7	5	10	5
Offices	10	2	3	1	1	2	1
Industrial	8	3	1	2	1	1	1

The Fund now consists of 61 properties throughout Britain, and is currently valued at £37 million. The Fund's managers are advised by Healey & Baker who specialise in shop, office and industrial property throughout Britain. The Fund's Independent Valuers are Cluttons, Chartered Surveyors.

About Save & Prosper

Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is also a major force in life assurance, pensions and annuities. At 2nd April 1979 the group managed £1,000 million on behalf of some 700,000 investors.

5% p.a. free of tax at the time

If you invest £1,000 or more you can withdraw up to 5% of your initial investment each year for 20 years without giving rise to any liability to tax during the period. This is a feature of particular interest to higher-rate and additional-rate taxpayers. Further details on the tax position are given opposite. In using this facility you should bear in mind that any rate of withdrawal that exceeds the growth rate of your investment will result in a decline in the value of your investment.

How to invest

A lump-sum investment in the Fund is made through a single premium life insurance policy—the Save & Prosper Investment Bond. You can invest £250 or more (£1,000 if using the Withdrawal Facility) by purchasing a bond linked to the Property Fund. To invest now, simply complete and return the coupon, together with your cheque. Once your proposal has been accepted we will send you a policy document normally within ten days. The offer price of units in the Fund on 8th May 1979 was 181.6p. For details of regular investment please contact your usual adviser, one of our local branches, or Customer Services at the address in the coupon.

EVERYTHING ELSE YOU SHOULD KNOW

Unit price: The Property Fund is divided into units which are normally valued fortnightly, though more frequent valuations can be made if necessary. The offer price is the price at which units are allocated to your Bond and the bid price is that which determines the cash-in value of your Bond. The number of units allocated to your Bond will depend on the offer price ruling on the day your application is received. All net income received by the fund is automatically reinvested to increase the value of units.

Automatic life insurance: Should you die while your Bond is in force, your dependants would receive between 100% and 200% of the bid value of the units then credited to your Bond. The actual percentage depends on your age at death, and this percentage is shown for sample ages in the table. A full table of rates is available on request. If you are in poor health when you purchase your Bond, we may have to quote you special terms, though the amount invested is not affected.

Charges: There is an initial management charge of 5% plus a rounding adjustment (not exceeding the lower of 1p or 1%) which is included in the offer price of units. There is also an annual charge of 1% of the value of the Fund to cover life insurance and administrative costs. The costs of property management, valuation and other expenses of the Fund, including buying a redemptive charge, are borne by the Fund. We also reserve the right to amend the policy benefits, if necessary, as the result of any law payable under the Policyholders' Protection Act.

Current tax position: You have no personal liability to capital gains tax as this is allowed for in the price of units. Also you will have no personal liability to basic rate income tax in connection with your Bond, even while it is in force or when you cash it in. There may be a liability to higher rate and/or additional rate tax if you are, or become liable to these taxes, at a time to which you cash your Bond, or on your death. Withdrawal facility: Basic rate taxpayers will have no liability to income tax on any withdrawals. Higher rate and additional rate taxpayers may wish to draw up to 5% of their original investment each year for 20 years without giving rise to any liability to these rates of tax during the period. Such withdrawals will however be taken into account in calculating any liability to these taxes when the Bond is eventually cashed in, or on death. Payments are made half-yearly on the last day of the month which is the first payment date not less than two months after the purchase of your Bond. You may vary your withdrawal rate or discontinue withdrawals, subject to two months' notice being given.

Switching facility: At any time you may switch your investment from the Property Fund to one of 22 other Save & Prosper Group funds, of low cost, and without incurring any personal capital gains tax liability. Full details of this valuable facility are given in the booklet that is sent to you with your policy document. Cash-in your Bond: You may cash in your Bond at any time and receive the full cash-in value based on the bid price ruling. However, we reserve the right to delay repayments or switching for a period not exceeding six months, in order to avoid having to exercise headwinds. This right, which has never been exercised, would only be used in exceptional circumstances.

Proposal for an Investment Bond linked to

SAVE & PROSPER PROPERTY FUND

SAVE & PROSPER INSURANCE LTD., 4 GREAT ST. HELENS LONDON EC3P 3EP TEL: 01-554 8892

Registered in England No: 322228. Registered office as above.

1. I wish to invest £_____ in a Save & Prosper Investment Bond linked to the Save & Prosper Property Fund. I enclose my cheque to this amount made payable to Save & Prosper Insurance Limited. BLOCK CAPITALS PLEASE

2. Name of Proposal in full Mr/Ms/Miss

3. Address _____

4. Date of birth _____

5. During the last three years have you suffered from any serious illness or undergone surgery? If yes, please give details and dates _____

6. Name and address of your usual doctor _____

7. Withdrawal facility. It is required please indicate the percentage of your original investment which you wish to withdraw each year. (Minimum investment £1,000)

4% 5% 6% 7% 8%

I should like the first withdrawal facility payment to be made on the last day of _____ (month) 1979 and to be half-yearly thereafter. (Not earlier than two months after the date of the application.)

This offer is not available to residents of the Republic of Ireland. I declare that to the best of my knowledge and belief that I am in good health and that the answers to the foregoing questions whether in my handwriting or not are true and complete. I agree that this Proposal, together with any statement signed in the presence of the Company's medical representative, shall be the basis of the contract with Save & Prosper Insurance Limited. I consent to the Company's medical representative being contacted by any doctor who at any time has provided me, or seeking information from any life assurance office to which I have at any time made a proposal for life assurance, and I approve the giving of such information.

Signature _____ Date _____

Agent's Stamp _____

SAVE & PROSPER GROUP

YOUR SAVINGS AND INVESTMENTS

Legal title to investments

BY OUR LEGAL STAFF

My mother, with whom I live, has an income tax rate of 25 per cent, whereas mine is such that I am liable to higher rate tax plus investment income surcharge. If I were to give her £2,000 and she was to invest the money in our joint names, would the total income arising belong to her or would the Tax Inspector seek to apportion half or all the income to me?

FINANCE AND THE FAMILY

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. Any inquiries will be answered by post as soon as possible.

Retainer of a firm

When you employ a firm of solicitors to act for you, are you employing the firm or an individual solicitor? In my case, no action was taken because one partner had a long illness.

No automatic vesting

I am co-executor with my mother of my father's will, under which my mother is the sole beneficiary, apart from a small legacy to myself. I am trying to administer the estate on a do-it-yourself basis, and am having difficulties in transferring shares to my mother, without paying stamp duty.

Gift of a croft house

Under the new Crofting Act I have bought from the proprietor the ground (forming part of the croft) on which my house stands and he has made a disposition to me which is registered in the Edinburgh Court of Sessions. Could some arrangement be made whereby I could transfer the property to my daughter, who occupies the house, gradually by taking advantage of the £2,000 annual exemption from capital transfer tax?

A chargeable event

On April 21, under the above heading, you printed a letter in which a reader stated that he had a 1978-79 gain of £4,095 on a five-year income bond which had just matured.

The case of the innocent sufferer

THE CIRCUMSTANCES of traffic accidents are infinitely varied, so much so that from time to time what appears to be an "open and shut case" turns out to be quite the reverse. Take for example the accident involving the parked stationary car: suppose it is properly parked close to the kerb on a straight stretch of wide road in no way causing an obstruction, in broad daylight, indeed in high noon.

INSURANCE

JOHN PHILIP

In the law reports there are judicial decisions which make it clear that latent defect, unforeseen blackout, are sufficient to relieve the colliding motorist of legal responsibility. In these cases the loss lies where it falls. And, surprising as it may seem, in these days when almost all death and bodily injury claims seem to attract compensation, proof of latent defect, proof of unforeseen blackout, will relieve the colliding motorist of legal responsibility to pay injury compensation.

shares to your mother and pay stamp duty on them, since they will not vest automatically on an asset. Section 52 of the Companies Act will only suffice for the executor's interest, not for the transfer to the beneficiary. Stamp duty would be the ordinary ad valorem duty, not just 50 pence. We do not think that leaving the shares in the executor's names would be of any advantage in the long run.

Leases for seven years or more

With reference to your reply under Leases for seven years or more (April 14) do you consider that a lease for exactly seven years imports the landlords repairing covenants under Sections 32 and 33 of the Housing Act 1961?

No change in CTT liability

I was executor of a man who died in October, 1977, at which time his house was valued at £12,000 and constituted nearly the whole of his estate. Since then the exemption from capital transfer tax has been raised from £15,000 to £25,000. What happens therefore if the house which I am putting on the market, sells for, say, £16,000?

COMPANY PROFILE

EVER SINCE Jesse Boot took over a small shop selling home-made herbal remedies in Nottingham just over 100 years ago, Boots has operated both retailing and manufacturing interests. Last year the industrial division accounted for around 40 per cent of trading profits.

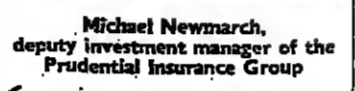
CITY INVESTMENT experts I polled on the future of the dollar premium this week echoed the old saw that the only good government is a bad one in a hell of a fright.

INVESTMENT

EAMONN FINGLETON

The future of the premium

If investors had an unhindered path to the exits every time the economy was headed for trouble, the plagiocopy exchange rate would force politicians to act more quickly to reverse mistaken economic policies.



Michael Newmarch, deputy investment manager of the Prudential Insurance Group

The Government should make a start on phasing out the premium by relaxing the rules restricting direct investment abroad by companies. The premium has not been very successful over the years in propping up the pound but to remove it overnight is impracticable.

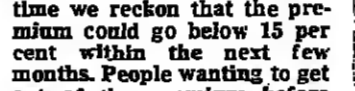
Even politicians as committed to free markets as Mrs. Thatcher's team are, however, likely to have two minds about offering the electorate as telling a barometer of their economic success as a truly unfettered exchange rate.

COMPANY PROFILE

BARRY RILEY

CONTRARY PRESSURES BUILD UP

INDUSTRIAL market part company, the fundamentals lose in importance as far as Mining Finance is concerned. And this week they have parted company after a couple of months of advancing in tandem.



PAUL CHESWRIGHT

over the last few days. Copper shortages remain—the supply-demand situation has not changed over the last fortnight, despite erratic movements in London Metal Exchange prices and cuts in U.S. producer prices.



COMPANY PROFILE

BRIAN KNOX

GREENHOUSE HEDGE

The "greenhouse" maximum investment idea provides an efficient vehicle to produce tax-free income after 10 years. This is done by cashing-in units each year.



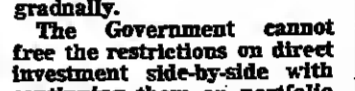
Brian Knox, head of stockbroker Griesevan Grant's International department

Under the Treaty of Rome the premium will have to go eventually for European shares but it will probably remain for America and the Far East in the foreseeable future.

Money Monitor

Manager's morsel

The new Chancellor, Sir Geoffrey Howe, urgently needs to jazz up the tax attractions of the new breed of worker share incentive schemes if they are to catch on.

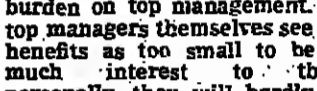


Brian Banks, chairman of Tower Unit Trust Management

The premium should be scrapped forthwith. The case against it is not only that it is bad economically but it infringes the liberty of the individual. People should be free to invest wherever they want; the existence of the premium disguises how badly things are going when the economy is in trouble and so lessens the pressure on politicians to take corrective action.

Greenhouse hedge

Under the Treaty of Rome the premium will have to go eventually for European shares but it will probably remain for America and the Far East in the foreseeable future.



Brian Banks, chairman of Tower Unit Trust Management

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over of House of Fraser, but this move failed too. Since then Boots had adopted a slower but still highly successful pattern of advance through largely internal growth.

Now a major new research study of Boots by brokers Hedderwick Stirling Grumbar suggests that growth in pharmaceuticals over the next few years could be such that the group's industrial profits may overtake the contribution of the currently dominant retail division.

CONTRARY PRESSURES BUILD UP

INDUSTRIAL market part company, the fundamentals lose in importance as far as Mining Finance is concerned. And this week they have parted company after a couple of months of advancing in tandem.

On the basis of the fundamentals, Mining Finance prices should have remained steady demand, and so on—and, secondly, the performance of the domestic equity market.

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MINING

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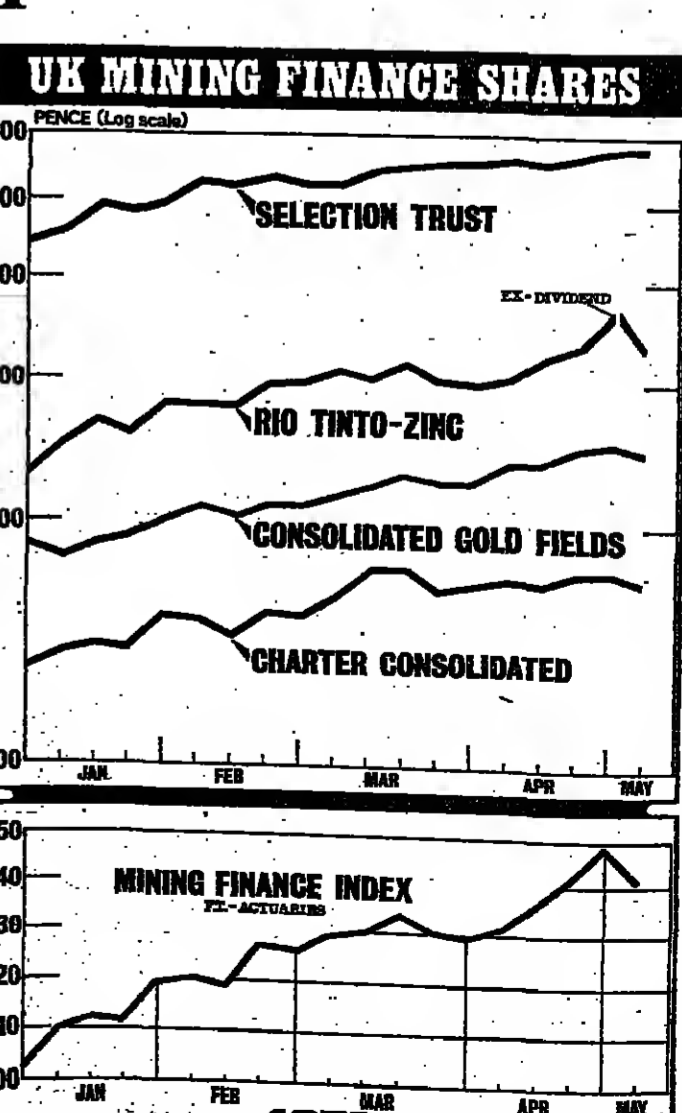
MINING

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UK MINING FINANCE SHARES



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YOUR SAVINGS AND INVESTMENTS 2

New rules for insurance brokers promise a better deal for the public, writes Eric Short

Commission quiz for the brokers

THE BLACK SHEEP of the insurance broking profession are going to have to work a little harder to cover their tracks in future. Under new rules, the profession's watchdog Registration Council will have extensive powers to quiz brokers on their links with insurance companies. Any brokers who are discovered to have an unduly cosy relationship with one or two high-commission offices will be put on the spot.

The new deal probably will not actually drive many commission-busters out of business. But by forcing them to be more circumspect, it may encourage some brokers to raise their standards.

Every registered broker will in future have to fill out a form each year giving details of the structure of his business. If he deals with only 10 or fewer companies he will have to name them. If one company provides a broker with more than 15 per cent of his total income in commission and other payments, he

books. Some clients will end up with companies which are not the broker's first choice. The public will soon have new safeguards against loss due to carelessness or fraud on the part of insurance brokers. From July, officially recognised insurance brokers will have to carry at least £250,000 of professional indemnity cover.

Aggrieved consumers have always had the right to sue—but this is not much use if the culprit scarpers, as he could well do in a case of fraud, or if he does not have the means to meet a large court award.

The new arrangements cover brokers who are registered under the Government's new vetting procedures. Other insurance salesmen will be hounded by law from calling themselves insurance brokers.

Many negligence cases concern motor insurance—an area that is complex even for the expert and can involve huge sums if mistakes are made. One of the commonest sources of problems is cover omissions. The task of sending them out is often left to junior staff who may not be properly supervised. If a cover note is not sent, the client will be uninsured—so may have a huge claim for professional negligence if he has an accident.

Fraud sometimes arises where premiums are paid in cash. The staff may pocket the money, leaving the client uncovered. The broker is responsible for his staff's actions and so the problem should be covered by the new indemnity arrangements.

Campaigners for tax relief for commuters got a boost this week when London Transport joined the band-wagon. But David Freud warns that the cost would be high and the benefits would be unfairly distributed

Why commuters should not get tax relief

SUCCESSIVE GOVERNMENTS have taken a firm stand against tax relief for commuting expenses ever since 1955, when a Royal Commission on Taxation came down against it.

But public pressure to reverse the stand has grown over the years, fuelled by the mounting cost of commuting in real terms. In the last year, however, the principle has been slightly dented. The Labour Government ruled last June that in certain, tightly-defined, circumstances employers could give employees season tickets that would not be liable to income-tax.

But the many conditions hedging the concession have resulted in few employers taking advantage.

If the Labour Government opened the door a crack, Ralph Beckett, chairman of London Transport, has urged the new administration to kick the door off its hinges.

In last week's annual report he argued that "attractive tax concessions" should be introduced for those who use public transport.

This way of subsidising public transport would be unique in the developed world. The three

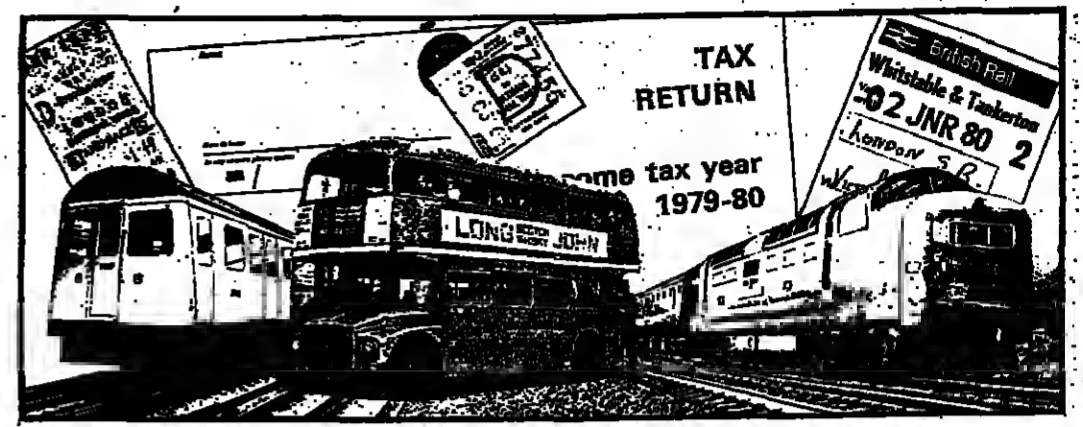
Common Market countries that allow tax relief on travel to work—West Germany, the Netherlands and Luxembourg—do not discriminate between public and private transport.

Perhaps the strongest argument in favour of tax relief for public transport costs is that there are already to effect large reliefs for those using private transport.

Few would argue that people running company cars are taxed on the full value of the benefit they receive. Furthermore many employers are encouraged to provide the facility because of the tax advantages of leasing the car rather than buying it outright.

But this argument can be stood on its head. Any disparity between public and private transport could also be eliminated by removing the tax concessions for private transport. Indeed, there is widespread fear in the car leasing industry that it could be affected by tax changes in this direction.

And the Tories favour dismantling the UK tax system's unwieldy array of concessions and reliefs. While they are likely to move cautiously, they would clearly resist appeals to



add to the system's complexity with yet another concession. Another important consideration would be loss of revenue. While there has been no break down between private and public transport, the cost of giving tax relief for all travel-to-work expenses was put at more than £750m a year in a Parliamentary Written Answer last summer.

To recoup this, the basic rate of income tax would have to be raised by 2p to 35p in the £. Since the Tories have talked about cutting the basic rate to less than 30p, cost is likely to

be a major difficulty. Tax relief for users of public transport could be funded fairly unfairly to many sections of the community—victims of the Beeching rail cuts, for instance. Many people who have chosen—and paid high house prices for the convenience of living in inner city areas, would resent the subsidy given to colleagues who have elected to live in leafy Surrey.

To the extent that house prices reflect current transport costs, changes would tend to give householders once and for

all windfall gains or losses. There would be organisational problems too: the extra workload for employers and the Inland Revenue would hardly be welcomed by a Government committed to cutting bureaucracy. The concession would also be open to widespread abuse, with people claiming that the cost of travelling to work was greater than it was in fact. The black—or tax-avoiding—economy is growing fast enough as it is without adding an extra impetus.

A second bite

MANY WELL-OFF savers get a second bite of a juicy cherry this summer when the building society version of Save-As-You-Earn gets a new lease of life. Building society SAYE which societies launched in the late 1960s following a tie-up with the National Savings Department, is now almost forgotten but it is still a money-spinner for high-rate taxpayers.

Anyone investing the maximum £20 a month for the full five-year contribution period is

in line for a tax-free pay-out of £1,480. That works out at a tax-free return of 83 per cent—a fabulous rate for high-rate taxpayers.

Many high-rate taxpayers who rushed to take out these plans in 1974, when the scheme took on its present form, will cease contributions this summer. They will then have the right to start a new plan. In the meantime, they can use an option within the scheme to leave their maturity money

from their old plan untouched for a further two years to collect a pay-out of £1,780 on the seventh anniversary of the start. That represents an interest rate

BUILDING SOCIETIES

EAMONN FINGLETON

of 8.6 per cent tax-free—equal to 17.3 per cent gross for a basic tax-payer.

The nearest rival to these plans is the index-linked version of SAYE, which will probably prove a better bet if gloomy forecasts of the inflation outlook prove accurate.

But building society SAYE is more than a match for conventional endowment policies, which have to be run for a minimum 10 years to produce a build-up of around 51 per cent tax-free on your net premiums.

Wealthy investors should make maximum use of all these savings methods. Because of their shorter term, both index-linked and building society SAYE have an edge over endowments for funding school fees.

Standard stars in a ten-year kaleidoscope

IF YOU ARE shopping around for an endowment policy, start by studying the latest performance tables in Money Management magazine. Its May issue not only compares with-profits maturity values for the current year but for every year since 1970. This ten-year review gives an invaluable perspective, for in picking the right office, you should look for a consistently good performance over the years.

An important point highlighted by this survey is that companies that are good for short-term policies are not necessarily so good for longer-term ones and vice-versa. This is not surprising: bonus structures tend to favour either short-term policies or longer-term ones, but not both. Thus Equitable Life has headed the tables for 10-year policies in the past six years; Standard Life, with a different bonus system, shines with 25-year policies.

Clerical, Medical and General has managed to pitch its bonuses so that it offers good value not only for 25-year policies but for 15-year ones.

The survey shows that many companies which had high maturity values ten years ago have now slipped well down the league tables while other companies have come from nowhere into top positions. Guardian Royal Exchange, which was a good performer for all three terms—10 years, 15 years and 25 years—in 1970, has slipped

outside the top ten by 1979. The lesson is that it is no longer sufficient to look at current maturity values. You have to go behind the figures and find out what is happening to the company. Guardian closed its life fund to new entrants in the late 1960s and started a new fund. It was much more generous to old policyholders compared with the new

—though in 1979 it was not far outside the top ten. The survey shows that with-profits maturity values do not always progress steadily upwards. With some life companies the values fluctuate noticeably. Indeed, companies like Guardian, Equity and Law and Ecclesiastical paid out more in 1970 than they did in 1979. But in each case, there

were special reasons. The introduction of terminal and special bonuses has tended to distort the smooth progression. The top companies tend to be mutuals (which have no shareholders to pay dividends to) and broker-orientated so there are no expensive sales forces to maintain. Their position at the top tends to be self-perpetuating—they have more brokers giving

them business because of their past record and thus have lower expenses ratios, which helps them maintain good bonuses indefinitely. Copies of Money Management cost £1.50 each (postage included) from PO Box 118, Bracken House, 10, Cannon Street, London EC4P 4BY. Money Management is part of the Financial Times group.

UNIT TRUST AND INSURANCE OFFERS

Company	Pages
Arbutnot Securities Ltd.	1
Save and Prosper Group Ltd.	2
Tower Unit Trust Management	7
Britannia Financial Services Ltd.	17
M & G Group	19
Gartmore Fund Managers	19
Schlesinger Trust Managers Ltd.	30

FFI TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 25.5.79 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10½	10½	10½	11	11	11½	11½	11½

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These figures are taken from a follow-up table published in the February 28 1979 issue of the IC News Letter; this table is available on application.

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Your residence



The new Park Palace with its own private indoor swimming-pool, restaurant, super boutiques, and of course, sumptuous apartments ranging from the 50 m² studio to the 600 m² double level penthouse-apartment, will soon be overlooking the sea amidst the gardens bordering those of the Casino. Construction began on the 15th November 1978. To invest in a Park Palace apartment is to acquire part of the serene security of the Principality of Monaco. The solid security of a "stone investment". The confident security of possessing the most sought after "square meters". Park Palace is already a success: 3/4 of the apartments have been sold! Park Palace a new life style: this "joie de vivre" in Monte-Carlo.

Full documentation available from: **LEGADEL S.A.** Park Palace, 27H, av. de la Costa - Monte-Carlo Tel. (03) 50.92.86 Telex: Legven 479276 MC and from the real estate agents of the Principality of Monaco.

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PROPERTY

First find your craftsman

BY JUNE FIELD

EVEN THOUGH it can cost as much or more than the original purchase price to restore or convert an old building, people are still prepared to take on the most unlikely places. It's the appeal of something different from today's stereotyped bricks and mortar, and nothing seems to deter the really dedicated converter, even though experienced (and enthusiastic) craftsmen are not easy to track down.

Most craftsmen are found by recommendation, and as they will have been commended because their work is good, it is ten to one that their order book is full for some time to come. Yet there are reports that some specialist building firms are going out of business through lack of work, so the missing link must be in communication. To help matters along, the Civic Trust have published a feasibility study on the possibility of producing a national register of craftsmen in the building industry (£1.75 from Civic Trust, 17 Carlton House Terrace, London, SW1).

Compiling a really comprehensive directory to include quality firms and one-man operations around the country will take time and money, and Nicolas Woodward-Smith, author of the study, suggests as a starter an annual directory with a list of about 2,000 firms, with a yearly increase of between 750 to 1,000. As the Civic Trust, started in 1975, is a recognised charity supported by voluntary contributions, the initial task is to find a sponsor. Perhaps some of the big conglomerates in the paint and wallpaper industry might be persuaded to come forward with practical aid.

Meanwhile, the Crafts Advisory Committee who are building up a non-selective register of conservation craftsmen, have just published an excellent Conservation Sourcebook—For Conservators, Craftsmen and those who care. Historic Objects in their care (£5.95 hardback, £4.25 paperback), post free from Penny Egan, Crafts Advisory Committee, 12, Watling Place, SW1. This book does not actually feature individual craftsmen, but is an extremely helpful listing of organisations—societies, guilds and associations—to which they belong.

For instance if you need someone to repair a broken-down dry-stone wall, then the Dry Stone Walling Association should be able to put you in touch with a member, while for the gilding, graining and marbling on or within the fabric of buildings, there is the Society of Decorative Crafts, and the Architectural Salvage Index is a register of all types of re-usable building materials and architectural features throughout the UK. Contact Architectural Salvage, c/o Hutton and Rostrom, Welley House, Gomshall, nr Guildford, Surrey, for details.

Equally useful, perhaps more so, is The Guild of Master Craftsmen's Directory of Members 1978-1979, £1 post free from Bernard C. Cooper, the Guild's general manager, 10, Dover Street, London W.1. This comprehensive booklet has good-sized sections devoted to the building and allied trades in England, Scotland, Wales and Ireland.

On a purely random selection I noted Peter Mack Wilkins, 221 Holdings, The Manor, Village of Banwell, Avon, "specialists in restoration of country estates, size in 12 acres. Included in the package, for which offers in the region of £140,000 are being invited, is an unconverted barn, Details John Gibson, Savills, 136 London Road, Chelmsford, Essex.



A water mill for conversion with most of its machinery intact. It is for sale with the already converted 5-bedroom Mill House in 5 acres with paddocks. Easterford Mill and the Mill House are both listed Grade II buildings and form the most important feature of Swan Street, Kelvedon, Essex. Offers in the region of £68,000 are invited through D. R. Hughes, Strutt and Parker, Tindal House, Chelmsford, Essex.

through this agent. For what is currently on offer write to Mr. Lazenby Peacock, 58 St. Loeys Street Bedford. Just as much of a challenge is the 16th century Old Manor House, Church Street, Wye, near Ashford, Kent, in the Stowe Valley. Originally called the Ballif's House Wye, the Jacobean/Tudor house is also in need of complete modernisation and restoration to transform it into a five-bedroom, two-bathroom house. Details S. R. T. Beckhouse, Harolds Estate Offices, 1 Hans Road, London, S.W.3, who are looking for offers in the region of £39,000.

Of the three stone-built barns offered for sale in the small rural hamlet of Milton, a mainly farming community about three miles from Banbury, Oxfordshire, the two larger ones were snapped up immediately. The small barn, 546 sq ft, with planning permission to convert into a home, was still on offer. Detailed plans showing a galleyed sitting-room with balcony and storage space in the eaves, with bedroom, bathroom, and kitchen/diner below, can be seen through E. L. Stevensons, house sales manager, Berry Bros., 25, High Street, Banbury, Oxfordshire.



Leigh Mill House, Godstone, is a converted mill with the original mill wheel incorporated into a display in the dining-room. There are 6 bedrooms, 3 bathrooms in the main house, and the estate includes a flatlet, ballif's maisonette, heated indoor swimming-pool, hard tennis court, trout farm with 4 stepwounds, 41-acre trout lake and fishing lodge. Details Ian Stewart, Savills, 29 Grosvenor Hill, W.1, and P. A. Brace and Co. of Godstone who are inviting offers in the region of £250,000.

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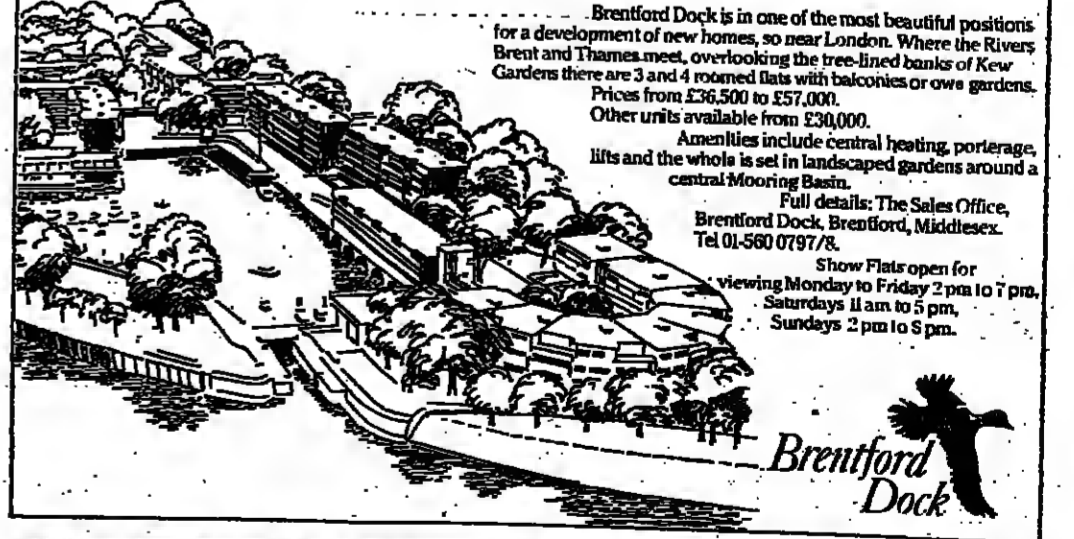
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RESIDENTIAL PROPERTY ALSO APPEARS TODAY ON PAGE 15

01-499 8644

LEISURE

Trouble-free dahlias

IT IS TIME to be doing something about dahlias; to be planting out the old tubers if there are some safely in store, or buying some small "pot" tubers and starting them in a frost-proof place, or ordering rooted cuttings...

June if the district is a cold one or subject to late frosts, and have some kind of protection at hand even if it is only strong polythene hags to slip over the plants should there be a frost warning.

In my view dahlias look better in company. They are not the most gaily of plants and they improve when attention is concentrated on their flowers rather than on their leaves and habit.

GARDENING

ARTHUR HELLIER

Dahlias arouse fierce passions for and against. I have always found it hard to understand why some people dislike them so much. "Vulgar" and "unnatural" are two condemnations frequently hurled at them. Well, no one denies that the garden dahlias are completely man-made plants but so are most of the popular roses and rhododendrons...

spent mushroom compost which I can purchase cheaply. Rotted stable manure would be even better, because richer in plant food, and well made garden compost can be excellent. All these bulky materials hold moisture and yet make the soil more open and workable...

Prospect of a great Final

TODAY'S CUP Final is the 51st to be held at Wembley and the 98th since the competition began in 1871-72. This match, between two of the most famous clubs in the world, Arsenal and Manchester United, has all the right ingredients, skill, tradition and fanatical support for a classic, but with so much at stake, and it being an occasion as well as a game, you never can tell.

Since first starting to cover the Cup Final some 20 years ago, it has been noticeable that those games which have promised most have usually turned out to be something of a disappointment for the unbiased observer.

players have settled for the straightforward pass rather than the more subtle one which could lose possession, while finding themselves with a good scoring chance. They have tried to make absolutely sure and consequently taken a fraction too long. However, it could be different on this occasion because both Arsenal and Manchester United have been involved in recent Wembley finals. This should reduce some of the tension and help them to settle down quickly.

In addition, among the 22 players on parade, are an above-average number of clever ball manipulators who should find the wide open spaces very much to their taste, while there is the very real prospect of goals from both sides, as neither possesses a defence as tight as Liverpool or Nottingham Forest.

Last year, Arsenal arrived at Wembley as favourites and then froze, so that Ipswich won very much more easily than a 1-0 scoreline might suggest. This time they are hoping to make amends and emulate what Manchester United managed when they returned 12 months after their upset against Southampton to heat a strongly-fancied Liverpool.

Can the Gunner succeed? If Brady, the most talented talent and creator of goals in the

country, is in top form, if Talbot dominates the middle of the pitch to the same extent as he did for Ipswich against them, and providing Stapleton and Sunderland romaine as effectively upfront as they can, the answer is Yes; but one needs to

FOOTBALL

TREVOR BAILEY

be a real Arsenal supporter to risk even the smallest bet. Although Jennings is still a superb "keeper, there remain some nagging suspicions about the Gunners' back four. They are well drilled and experienced, but have been known to panic under pressure and might be exploited by the skilful, fast-moving Manchester forwards and halves, while McIlroy, with his ability to slip an opponent and deliver the perfectly-awaited pass, could destroy their outside trap.

becomes a colourful backcloth, providing a ceaseless hail of background noise. The desire to win is so strong that every player is prepared to give everything and more, but, strangely the disappointment of the losers is less than being knocked out in the semi-final, because being at Wembley is in itself an achievement.

The Cup Final also provides the perfect finish for the football supporter, a day out at Wembley, a day to remember, and they all hope, a day to celebrate. Inevitably, it is a higher event for a club outside of London, as they start creating the atmosphere so much earlier. Indeed, finals between two metropolitan clubs are almost invariably lacking in colour, which makes life easier for the police as before the game, at any rate, the crowd is so much more sober.

Unfortunately, both these great and ably administered sides have more than their share of morose exhibitionists, who are a constant source of embarrassment to the majority of the genuine fans, but cause a great deal of trouble and damage. Let us hope that the 1979 final not only provides a splendid game, but also the behaviour of the crowd is as good-humoured as it was last Saturday for the Rugby League final.

YACHTING

ROY HODSON

YACHTSMEN who huy boats for Northern European waters are increasingly seeking designs that can also be taken down to the Mediterranean through the French canal system. A pleasant three-year adventure can be planned if the boat will fit the canals. The trip south can occupy the first annual holiday. The boat can be cruised in the Mediterranean during the

second year taking care to comply with the various national formalities involved when leaving a boat to winter in Mediterranean parts. The passage back can be made during the third season using a fresh canal route. Many sailing yachts of under 30-feet overall length are of sufficiently modest beam and draught to use any of the popular routes including the attractive Canal du Midi. But larger yachts in the 30-feet to 40-foot range, which are now attracting so many families who wish to live on board in reasonable comfort, are often precluded from canals by their draught and sometimes by their beam.

sailor tends to think of a centre-board yacht as having a centre-board case blocking the middle of the cabin, and probably leading into the bargain. The new Trapper 700 is a sincere attempt to have all the advantages of a centre-board without any of the disadvantages. To achieve that the boat has been given a shallow fin keel with a straight base. Although a 35-footer it draws only 4 feet 3 inches to the bottom of the fin keel. That is three inches within the recommended maximum draught for the canals.

business is borrowing a few wrinkles from the motor car trade, it seems. The centre-board is outstanding among several likeable features of the Trapper 700. I will also mention the neat and efficient engine installation. A 23 hp Volvo Sailerdrive diesel engine is fitted, which means that the engine, the drive leg, and the propeller unit at the bottom, are installed complete as a unit and sealed into the hull. Because the propeller is sited directly behind the short keel and well forward from the stern, the boat is highly manoeuvrable under power. Indeed it can spin round on a dime. With the combination of precise wheel steering and good handling in reverse gear it should be a great comfort to skippers when entering and leaving those cavernous locks on the French canals.

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MORE THAN 5 YEARS MAKING FRIENDS.

Return of the champ?

EASILY THE most frequently posed question as one has roamed the world these past five years has been "Can Tony Jacklin ever really come back?" It is a measure of the affection and esteem in which perhaps the best golfer these islands have ever produced is held that this should be the case. And if Jacklin can retain his recently improved touch, or perhaps more important his dramatically upgraded mental attitude in the French open championship here at Lyons at the week-end there is no telling how many tens of thousands will flock to the Old Course at St. Andrews next week for the last Colgate-sponsored PGA Championship worth £50,000.

watched incredulously. But the crucialist out of was reserved for the following day when the volatile Latin repeatedly, audibly accepted defeat at the 542 yards 17th hole. I was right along side him as Trevino was twice forced to back off his drive by a cameraman and then his assistant trying to dart across the fairway. Never comfortable thereafter, Trevino found the left hand bunker from the tee, squirmed his second shot into the right hand rough, and

GOLF

BEN WRIGHT

What poetic justice it would be if Jacklin could draw inspiration from the venue that used him so cruelly in 1970. Then it was that the thunder gods intervened when defending champion Jacklin, having reached the turn in 29 shots, and still eight under par at the long 14th hole, had the venerable old lady "at his mercy" in the first round of the Open. Shots dropped to par there and at the 16th and 17th holes in the cold rain at 7.30 the following morning turned a sensational score into merely an impressive one. Jacklin's 67 left him two shots behind leader Neil Cole, who had compiled his 65 in the warm calm of the previous early morning.

then struck an extremely feebly hardy tree wood shot into the right on the left. From a bad spot he pitched over the green and up the high bank. All the way down the fairway Lee had muttered loudly that "damned photographer has cost me my title". Meanwhile Jacklin, level with Trevino going to the 71st hole was 18 feet from the cup in three shots. Lee told me later that he had only those two intruders on his mind when he ripped out his nine iron and chipped the ball straight into the hole.

Jacklin's subsequent three putts were entirely understandable and our hero duly lost second place to Jac Nicklaus by pushing his second shot into the right-hand bunker to drop another shot at the 18th. Which ever incident one regards as the more "mentally damaging" in fact that Jacklin has never since been in contention in the Open. Is it too much to expect him positively to cotand in July at Royal Lytham exactly ten years after his momentous open victory there? Well, I can dream, can't I? If Brian Barnes continues in his present rich vein of form there is no doubt about his ability to become the leading British contender at Lytham, which would take a lot of the heat off Jacklin. The big fellow

can scarcely, if ever, have played better than he did in coming home for the last time in 31 shots to win the Italian Open at Monticello last Sunday evening. But I do wish he hadn't openly split the prize money with South African Dale Hayes before the sudden death playoff, or gone fishing this week when the long, boring Lyons course was so perfectly tailor-made for his immense length. No American I have ever met would have missed the French Open if he was playing even half as well as has Barnes of late. But Brian has never been in any way predictable, and seldom much less than exasperating to one like myself who would like him to take his rightful place in world class on the other side of the Atlantic. Conversely Barnes has been clever enough to carve out an enviable life style as a family man and complete angler in rural Sussex, so good luck to him. Strictly on the horses for courses theory Barnes' previous open form at Lytham has been none too promising. In Jacklin's year of 1969, Barnes finished 17 shots behind on 297, while in 1974, when Gary Player triumphed, Barnes was 23 strokes adrift on 305.

Lastly, the European circuit is much poorer after the tragic death here on Wednesday evening of 29-year-old Spaniard Salvador Balbuena. The slender, powerful Balbuena had a fair chance of being one of the first Spanish golfers to play in the Ryder Cup match in America in September. A friendly, happy-go-lucky character, Balbuena was the 1976 Portuguese open in his first trip outside Spain. In 1977 he won in Morocco against many good class Americans, and easily retained his place in Europa's top 60 last year despite only playing in eight events. His countrymen Manuel Pinero, Jose Maria Camarero and Antonio Garrido, who were with Balbuena when he died in a local restaurant, immediately withdrew, while those Spaniards who remained to compete will donate their French Open prize money to start a fund for the support of Balbuena's widow and two young children.

Handwritten signature or scribble at the bottom of the page.

HOW TO SPEND IT

Smoking your own

By JULIE HAMILTON

IF YOU want to discover what a surprisingly delectable and expensive-tasting fish coley can be...

out (approx. 15 minutes), open the box and check that the fish is cooked...

burn a little more meths under it: no need to add more oak dust.



The "Henry" fish-smoker, £12.25 (p+p £1.68) from the General Trading Company, Sloane Street, London, SW1. Extra bags of 500 gm sawdust are 95p (p+p £1.34).

I have a "Henry" fish smoker. It can be bought at the General Trading Company, Sloane Street, London, and at many good kitchenware shops...

Fish cooked this way has a distinctive flavour which may well convert the fish-baters to your family. The method is rather like pressure steaming...

Although the fish is ready to eat straight from the smoke-box, there are a number of exciting alternative dishes to be made. Sprats, for example, are wonderful cold. Add them to a hors d'oeuvre or make them into a pate.

My box is like a biscuit tin. In it there is a small rack, like a cake-cooling rack. You put oak sawdust in the bottom of the box, cover it with the drip tray...

Sprat Pate—serves 4

1 lb sprats; 5 oz double cream; 1 teaspoon dill weed; juice of 1/2 lemon; pinch of sugar; salt; freshly ground black pepper.

Sprinkle the whole sprats generously with salt and leave to stand for 30 minutes to an hour. Drain off any liquid that may have been drawn out by the salt.

Smoke sprats for about 15 minutes. Leave to get cold.

Cut off and discard the heads; put the rest through a fine food mill or an electric food chopper. Reduce the sprats to a pulp. Tip the cream into a mixing bowl...

Beat the mixture with the same spoon until it begins to thicken a little. Turn into ramekins and chill well before serving with toast.

Smoked Coley en Croute—serves 6

1 lb coley; 4 ozs butter; 6 ozs small mushrooms; 3 or 4 cloves garlic; 2 pinches of rosemary; juice of 1 lemon; 1 lb puff pastry; freshly ground black pepper; salt; fat or oil for deep frying.

Smoke the coley and leave to get cold. Melt 3 ozs butter over low heat, add the mushrooms (which should be cut approximately to hazel-nut size)...

Flake the smoked coley, checking carefully for bones, discard the skin. Mix gently together with the mushrooms. Adjust seasoning.

Divide the fish mixture also into six and add the remaining ounce of butter, a knob to each portion. Place one portion of fish on a pastry square, wet all four edges of the pastry and fold over to form a triangle.

Now again wet the two short sides of the triangle and fold them up half an inch or so to seal the fish completely within the pastry. It is important that there are no holes and the edges are well sealed.

Smoked Herring Pate—serves 6

Hot smoked herring is excellent and can be served with pride to any dinner party guests who do not have their own fish smokers.

Sprinkle herrings generously with salt. Leave to stand for half an hour or so. Then smoke as previously described. Leave to get cold. For pate, you can bone the herring either before or after smoking.

Place the boned herring, including skin and roes, if any, in an electric food chopper or fine food mill, with the lemon rind and cummin seed. Reduce to a creamy pulp, gradually add the lemon juice...

Salt the herring, leave to stand and smoke as previously described, but add a generous pinch of rosemary to the oak dust. When the herring is cold,

Herringsalata—serves 6

1 large herring with soft roe if possible; 1/2 small onion; 1 large clove garlic; 6 tablespoons plain boiled long-grain rice; 6 tablespoons olive oil (Greek if possible); juice of 1/2 lemon; pinch of chopped parsley; pinch of rosemary; salt.

remove the bones and put it in the electric food chopper or blender, or through a food mill with the onion, garlic and cooked rice (which should be cold and dry). Reduce to creamy pulp.

Divide the herring into six and roll out squares of seven inches. Divide the fish mixture also into six and add the remaining ounce of butter, a knob to each portion.

From rugs to riches

ANYBODY who has looked into the Oriental rug market over the last few years will know that if it's a good investment...

Bert Blikslager of Lefevre and Partners, Knightsbridge (one of the auctioneers specialising in Oriental carpets belonging to the Islamic art group), sums it up when he points out that "ten years ago you paid £20 for a Kelim, regardless of whether it was good or bad."

The moral of course is that if you're interested in buying a rug as an investment buy only the best—the inferior ones will rise in keeping with inflation, but the good ones should well outstrip inflation.

Less well-known, though, is that textiles and embroideries are becoming more sought-after by collectors. A new shop that textile and embroidery lovers might like to know about is Bohun and Busbridge at 8, Clarendon Road, London, W1.

Though her shop is a good source of Oriental rugs it also has a fine selection of embroideries and folk textiles and in particular throughout the month of June will have on sale a special collection gathered together in India by the Cambridge anthropologist Joss Grahame.



Collectors of rugs may also like to know that at the shop a complete rug and textile cleaning and repair service is offered. Cleaning valuable rugs is a job for the experts...

by Lucia van der Post

RUGS AND TEXTILES VALUED BOUGHT EXCHANGED RESTORED CLEANED

Above: Celia Barker-Mill cutting cushion faces from a tribal Persian rug that is too badly damaged to make repairing economical.

Left: set against two kelims is a group of the sort of cushions Celia Barker-Mill devises from the undamaged portions of larger rugs and textiles.

On the cushions are, in the foreground, a fragment of a beautiful mid-19th-century Bulgarian silk embroidery on a red cushion, and behind, turn-of-the-century chofri (Indian sari blouse) fronts, appliqued on cream French silk faces which reverse to Burgundy wool backs.

Advertisement for 'comfort' chairs, featuring an illustration of a chair and text describing its ergonomic benefits.

Advertisement for 'Beautiful Hardwood Furniture', listing various furniture items and prices.

Advertisement for 'GOLD SOVEREIGNS AND KRUGERRANDS', promoting gold and silver coins.

Advertisement for 'Farewell to £.s.d' Complete Pre-Decimal Coinage Collection, featuring a display of old coins.

Advertisement for 'WHERE TO SPEND IT EVERY SATURDAY', listing various products and services available on Saturdays.

Advertisement for 'ONLY ON A SUNDAY' Oriental rugs and carpets.

Advertisement for 'GERMAN WINE OFFER' featuring various wine brands and prices.

Advertisement for 'PERSIAN CARPET WHARF' and 'The Noble Grapes', selling carpets and wine.

Advertisement for 'SWISS FABRICS' featuring high-quality fabrics and dress materials.

Advertisement for 'FREE' typewriters and 'BRASS BEDS and headboards', offering various household items.

Advertisement for 'ANNABINDA Dress Designers' offering wedding dresses and other formal wear.

Advertisement for 'JUST DESKS' featuring various desk models and prices.

Advertisement for 'THE NIKON SPECIALISTS EURO FOTO CENTRE', selling Nikon cameras and lenses.

Advertisement for 'pine beds by morarti', offering various styles of beds.

Advertisement for 'HAND MONOGRAMMED BATHROBES AND TOWELS', offering personalized linens.

Large advertisement for 'AMERICAN TRAVEL AND TOURISM' featuring a survey and travel services.

COLLECTING

CHESS

LEONARD BARDEN

THE ANNUAL international in the small Californian township of Lone Pine...

Korchnoi's entry this year led to a walk-out by the Soviet representatives...

Five players, among them last year's winner Larsen, scored 6 points...

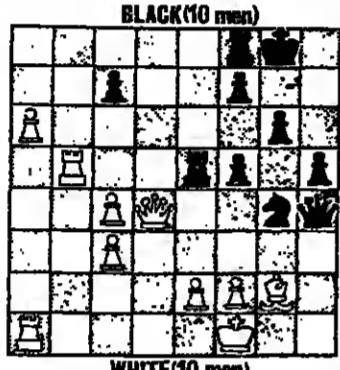
One striking success at Lone Pine was the veteran Reshevsky...

A notable result was by the 19-year-old U.S. Junior Yasser Seirawan...

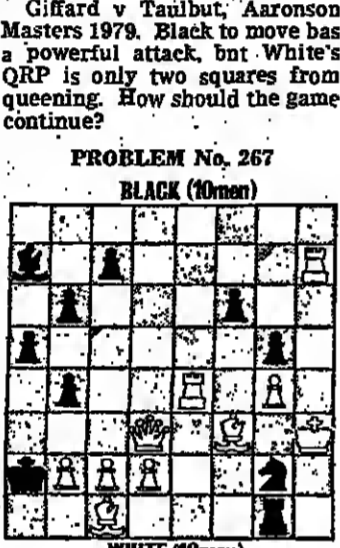
White: V. Hort (Czechoslovakia). Black: Y. Seirawan (U.S.)...

N-B3: 5 P-K5, N-Q2; 6 E-K2, N3-N1 (artificial, but the main line)...

POSITION No. 267



PROBLEM No. 267



White moves and mates in one. This offbeat puzzle by J. Paluziec...

Paper likenesses

BY JUNE FIELD

GIVE AN 18th century girl a pair of scissors and a pot of gum and she was in business...

Princess Elizabeth (1770-1840), the seventh child and the fourth daughter of George III...

She was no unconsidered amateur either, as The Westminister Magazine, December 1781, reproduced as a frontispiece...

Some of her work as a portraitist is illustrated in the magnificent British Silhouettes...

It is not a book for absorbing an initial study, but a definitive dictionary of artists, galleries and sitters...

Mrs. McKechnie also discusses types of frame, jewellery settings, copies and fakes...



Niccolo Paganini, cut silhouette by Augustin Edouart, Edinburgh, 1832...

musician, Gilles Louis Chretien. The Silhouette Collector's Club, started 10 years ago...

Christie's last sale included works by John Field (1722-1848), most famous of silhouette artists...

Sotheby's Sale by Auction. Tuesday 22nd May at 2.30 pm and following day at 10.30 am and 2.30 pm...

Christie's Fine Art Auctioneers since 1766. Experience & Expertise. No. 379. A jewelled and enamelled gold pendant and chain by Henry Wilson (reduced)...

Spencers OF RETFORD. A German silver mounted nautilus shell vase. To be sold on May 24th. FORTHCOMING SALES RETFORD SALEROOMS...

The tough game

BRIDGE

F. P. C. COYTER

YOU WILL FIND The Tough Game (Faber £5.25), H. W. Kelsey's latest work, most enjoyable...

Handwritten bridge scores and card play notes.

North dealt at a love score, and after two passes South bid one no trump (12-15)...

might entail some risk—and lead the other low diamond. West has to win with the Ace...

With neither side vulnerable, North bids one no trump. South replies three hearts...

West led the Queen of clubs—what line of play do you suggest after winning with dummy's Ace?

There is, of course, a trump safety play to be considered. You can lead the heart two and cover any card that East plays...

Phillips principal saleroom at 7 Blenheim St., New Bond St., London W1. Monday, 14 May, 11 a.m. FURNITURE, CARPETS & OBJECTS...

ART GALLERIES. AGNEW GALLERY, 42, Old Bond St., London W1. BRITON GALLERY, 10, Old Bond St., London W1. COLNAGHI, 14, Old Bond St., London W1...

AGNEW Fine Prints of Five Centuries. An Exhibition of etchings, engravings and lithographs from Dürer to Picasso. Until 1 June.

The next Spink Coin Auction on May 17th and 18th promises to be a classic. The finest collection of Modern Greek Coins ever offered for sale.

Spink. The next Spink Coin Auction on May 17th and 18th promises to be a classic. The finest collection of Modern Greek Coins ever offered for sale.

ARTS 1

Settling for style among the oldies

Sir Arthur Pinero, Oscar Wilde, Graham Greene, Evelyn Waugh, Sylvia Townsend Warner, Joyce Cary...

RADIO

ANTHONY CURTIS

Joyce Cary was another stylist who is, I suspect, not read as widely now as during his lifetime. A second chance to hear David Lynton's feature...

poems on Radio 3 (May 9) in the interval of the Schubert and Britten concert in which he was singing...

Another wise, witty and much-loved lady, Miss Hermione Golding, spoke in Cleveland, Ohio, to Sue MacGregor in Conversation Piece...

The week's drama has ranged from a way-out piece in Drama Now by Barry Berman...

Social Welfare (Radio 3, May 6) by Barry Berman, like his SOS broadcast last year...

At last the arts has a powerful and persuasive spokesman in the Cabinet.

Anthony Thornecroft talks to Mr. Norman St. John Stevas

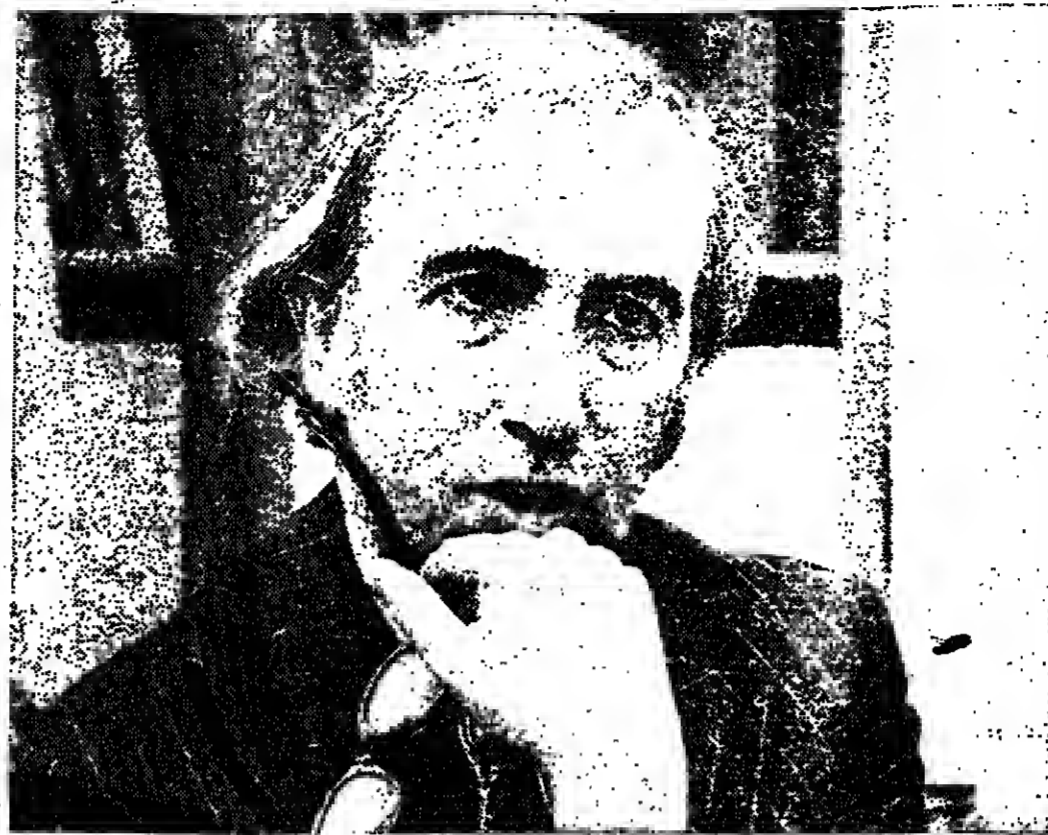
A champion in high places

The change in Government marks a big change in direction for the arts and a great opportunity.

He has no plans to ask for another Minister at present, and although his 50 strong department...

Cash is, of course, the key issue. Mr. St. John Stevas sees the Arts Council as always being the basis of Government spending...

"It is always better to have two masters and I would like to see more than one source of support for the arts," says Mr. St. John Stevas...



Norman St. John Stevas

of a new London orchestra which will prove once and for all that London is the musical centre of the world in quality...

On the effect of VAT on the arts, in particular on the theatre, Mr. St. John Stevas is less optimistic.

In many cases Mr. St. John Stevas will be looking again at already mooted solutions to intractable arts problems.

that through legislation. He has no intention to rush into anything—"we have plenty of time"—and as a first step is anxious to bring the views of all those involved in the arts...

Mr. St. John Stevas takes a lead from his revered Bagehot's view of the role of a constitutional sovereign...

of a new London orchestra which will prove once and for all that London is the musical centre of the world in quality...

Mahler's Ninth

The performance of the Ninth Symphony at the Festival Hall on Thursday reached to the roots of the music. The London Philharmonic Orchestra was prodded by Klaus Tennstedt...

Mr. Tennstedt and the players provided a painful illumination of how little instrumental padding there is in the music...

Ekkehard Schall

Ekkehard Schall, whom the lucky ones among us have seen as Coriolanus, the even luckier as Arturo Ui, is at Hamersmith...

CABARET

drug on the market lately, but they are not all like this. Mr. Schall, quintessentially German with his cropped hair...

TV Radio section with various programme listings for BBC 1 and BBC 2.

Wales-8.40-9.05 am Teifant. 6.10-6.15 pm Sport/News for Wales. 11.55 News and Weather for Wales.

5.50 News. 6.00 Happy Days. 6.30 KIdnapped. 7.00 Chlps. 8.00 Celebrity Squares.

SCOTTISH 8.10 The Secret Lives of Wally Kirk. 8.30 The Great Outdoors. 9.05 Mark and Mindy.

RADIO 1 5.00 am As Radio 2. 7.03 Playgroup. 8.00 Ed Stewart. 10.00 Peter Powell. 1.00 pm Andrew Johns.

RADIO 2 7.55 am News Summary. 8.00 News. 8.15 am News. 9.00 News. 10.00 News.

London Handel Festival will open at the Queen Elizabeth Hall on June 9. The festival, sponsored by MK Electric Holdings...

CHESS SOLUTIONS Solution to Position No. 267. 1. BxR, PxB with the winning threat of Q-R5 mate.

ENTERTAINMENT GUIDE OPERA & BALLET. ENGLISH NATIONAL OPERA. ROYAL OPERA HOUSE.

THEATRES. THE TAMING OF THE SHREW. DORIS MERCIER. THE PLAYERS.

THEATRES. GLOUCESTER THEATRE. ALFONSO ARRAS. THE PLAYERS.

THEATRES. NATIONAL THEATRE. THE PLAYERS. THE PLAYERS.

THEATRES. QUEEN'S THEATRE. THE PLAYERS. THE PLAYERS.

THEATRES. TALK OF THE TOWN. THE PLAYERS. THE PLAYERS.

THEATRES. WAREHOUSE. THE PLAYERS. THE PLAYERS.

CINEMAS. ABC-7. THE PLAYERS. THE PLAYERS.

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RESIDENTIAL PROPERTY

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2240 Prime Acres at \$4464 per Acre... This property is located in the midst of Florida's East Coast growth area near the Kennedy Space Centre.

Magnuson Corporation, John Magnuson, Vice-President, 25 S.E. 2nd Ave., Miami, Florida 33131, U.S.A. Tel: (305) 358-2291

Bell-Ingram

FOR SALE PRIVATELY... DUNBLANE PERTSHIRE... A VALUABLE AGRICULTURAL AND SPORTING INVESTMENT. LET HILL FARM

Your NEW LIFESTYLE starts here - with a Fernden Leisure Pool.

Wherever you swim, paddle, dive, splash or just have fun, Fernden can provide a pool designed exactly to suit you, your garden and your pocket.

Fox & Sons

NEW FOREST DAIRY & STOCK FARM

509 ACRES HOME FARM, BRAMSHAW, HAMPSHIRE... 18th Century Farmhouse, 3 good Cottages & Buildings, 180 ACRES WOODLAND

FOR SALE

Morne Pimart, St. Lucia... 50-acre Freehold site overlooking the Caribbean Sea, Rodney Bay and Reduit Bay.

THE COLONNADES

Selection of 1/2 bed flats and a magnificent 3/4 bed maisonette. MARTIN HART & CO. 01-629 5767

ARTS 2

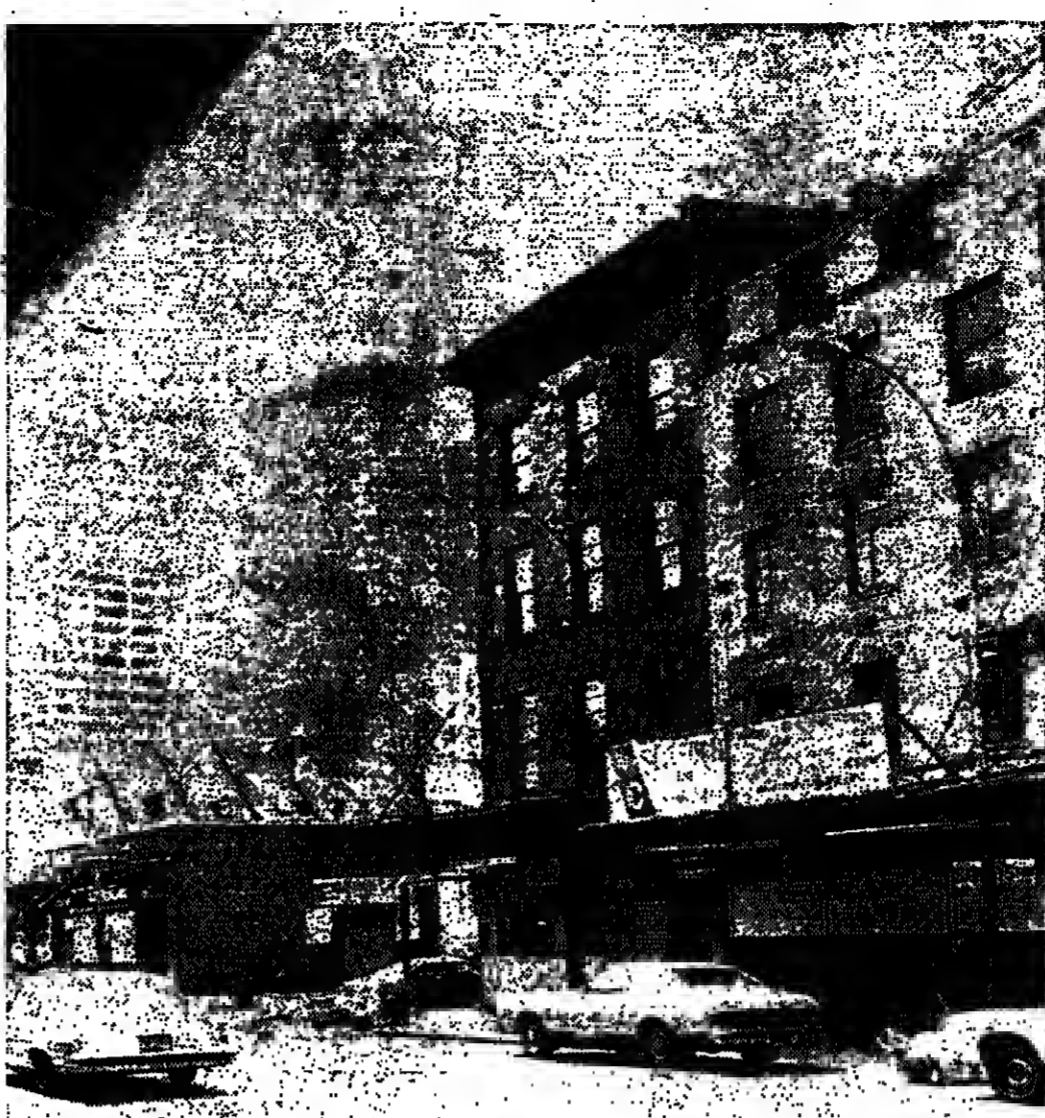
Saving South Street

It is easy enough to visit New York, be an assiduous tourist and never even suspect that the South Street Seaport exists.

NEW YORK

GILLIAN DARLEY

The other relatively recent interest represented in the area is that of the South Street Seaport Museum.



in Boston—restores commercial activity but within a planned, homogenous, even hand, environment, however carefully designed.

A Tickle on the River's Back

Nick Darke's documentary play about Wapping lightermen... at the Theatre Royal, Stratford East, suffers from a fatal whiff of earnest research.

Lightermen in the audience loved every second, but speaking as a Londoner reared by the river and one fully aware of its recent sad decline, the appeal of specialist information untouched by dramatic tension soon begins to wane.

THEATRE

MICHAEL COVENEY

There exists no comparable cohesion in the work of Mr. Darke and his director, Jules Wright.

After the interval, it is 1980 and Franky has returned to Wapping, where Franky and his teenage son are casting their nets.

A bed tops £9,000

English furniture collected by the late Frederick Pike, the founder of Everybodys magazine, sold at Sotheby's yesterday for £165,670.

Another remarkable appreciation was the £9,000 from another London dealer Norman Adams for a George III mahogany butterfly leaf Pembroke table.

CONCERTS

London Philharmonic Philharmonia London Symphony Royal Philharmonic

Table listing concert programs for the London Philharmonic, Philharmonia, and London Symphony. Includes titles like 'The 4 Orchestra Series' and 'ROYAL FESTIVAL HALL'.

WIGMORE HALL

Table listing concert programs for Wigmore Hall, including titles like 'TRILKO ENDO' and 'GEORGE MALCOLM'.

A VICTORIAN EVENING

THE ARISTOCRAT THAT BANKED WITH COURTS... EXULTATE SINGERS... YOUNG MUSICIANS' SYMPHONY ORCHESTRA

ROYAL ALBERT HALL

VICTOR HOCHHAUSER presents TOMORROW AT 7.30 TCHAIKOVSKY... Sleeping Beauty, Swan Lake, Nutcracker Suite

SUNDAY 20 MAY AT 7.30

MENDELSSOHN Overture: Fingal's Cave... RACHMANINOV Piano Concerto No. 2 in C minor

SUNDAY 27 MAY AT 7.30

MUSIC AND DANCE FROM THE BALLET... with MARION TAIT, MARGARET BARBIERI, ALAIN DUBREUIL and CARL MYERS

QUEEN ELIZABETH HALL

MONDAY 14 MAY AT 7.45 p.m.

Bach Mass in B minor

ENGLISH BAROQUE CHOIR AND ORCHESTRA... ENGLISH CHAMBER ORCHESTRA... SALVATORE ACCARDO director/soloist

ROYAL FESTIVAL HALL

VICTOR HOCHHAUSER presents ORCHESTRE DE PARIS CHORUS OF THE ORCHESTRE DE PARIS DANIEL BARENBOIM

WEDNESDAY NEXT 16 MAY AT 8 p.m.

ROYAL CHORAL SOCIETY... BURGON: VENI SPIRITUS... MAHAZEL conducts MAHAZEL

MONDAY 11 JUNE AT 8 p.m.

MAURIZIO POLLINI... BEETHOVEN: Sonata in E flat, Op.51a (Les Adieux) BEETHOVEN: Sonata in F minor, Op.57 (Appassionata)

WESTMINSTER CATHEDRAL

THURSDAY 31st MAY, 1979 at 8.00 pm

VERDI REQUIEM

HEATHER HARPER ANNE WILKENS ROBIN LEGGATE RAIMUND HERINX... Conductor: RICHARD HICKOX

Georgian State Dance Company

Wembley Conference Centre... NIGHTLY AT 8 p.m. SATURDAY 4.45 p.m. & 8 p.m.

DURHAM ORIENTAL MUSIC FESTIVAL

4-17 August, 1979... Countries represented: BURMA, CHINA, HONG KONG, INDONESIA, JAPAN, KOREA, MALAYSIA, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM

PEKING OPERA

July 3 to 14... a spectacular kaleidoscope of dance, drama, acrobatics, comedy, mime and song. Dazzling colours, sumptuous costumes, thrills - a unique entertainment

FINANCIALTIMES

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Saturday May 12 1979

Oil shortages start to bite around the world

BY KEVIN DONE, Energy Correspondent

Back to the realities

THE FIRST week of the new political regime has brought some sharp reminders that it takes more than an election to solve problems...

Relative pay

The fact is that any government would face a number of dilemmas at the moment, and Mrs Thatcher's policies pose some extra ones of their own...

The effort to cut public spending by depressing the relative pay of the public services has always been a failure...

Meanwhile, events in the outside world pose their own problems. We appear to be on the verge of a general recession in the industrial countries...

Misguided

Recession always produces persuasive calls to tame the wind to the weakest, by way of protection, or straight or concealed subsidy...

Letters to the Editor

Markets

From Mr. S. Friedlander. Sir, - No portfolio theory, modern or antique, can be considered respectable unless it is rooted in the reality of stock markets...

Fire. From Mr. G. Atkinson. Sir, - Press reports of the Manchester Woolworth fire suggest escape was hindered by dense smoke...

Cycle analysis can't be compressed into a couple of sentences but a few simple guides can be mentioned. Cycles are often periodic, average duration about 50 months from low to low...

Dealing costs and the size of the market are not valid objections to drastic changes in the percentage allocation to stocks. The violent fluctuations in the averages, and even larger fluctuations in many individual stocks...

Institutions hold too many different shares, so that performance is tied to the market. That's what I mean by excessive diversification. Concentrated portfolios, selected on the basis of individual stock cycles and simple value analysis...

The moral for serious investors and trustees seeking reduced risk and higher rewards is to avoid all forms of institutional investment and advisers who do not possess the capability...

SCUFFLING motorists in San Diego and mile-long queues of cars in Dublin have provided the most graphic illustration yet of the effects caused by the ten-week loss of crude oil exports from Iran...

The imbalance between the supply of crude oil and demand is not that great. But given the world's insatiable appetite for petroleum it does not take a lot to move from feast to famine. The world oil supply system, which only last year was apparently enjoying a glint of crude, has a lot in common with the stretched budget of Dickens' Mr. Micawber...

The sudden spot shortages of the various oil products are hitting each country differently according to the balance of its domestic refining industry and the degree of difficulty facing its traditional sources of both crude oil and products...

In Greece the Government acted a month ago to ban half the country's private cars from the roads at weekends. Cars with odd numbers on the licence plates are allowed out one weekend and cars with even numbers the next...

The shortage of jet fuel at the world's major airports has forced some airlines to cut back the number of their scheduled flights, and rising oil prices have already caused the airlines to push up fares by at least 5-7 per cent. The 7 per cent increase has been applied to North Atlantic flights and most...

WORLD OIL SUPPLY AND DEMAND IN 1979 A SCENARIO

Table with columns for 1978 and 1979 (in barrels per day) showing A-OIL DEMAND, B-OIL SUPPLY, and POTENTIAL DEFICIT.

* Pre-Iran projections. † Excluding centrally planned economy countries (CPEs). ‡ Including other OECD countries, non-OPEC developing countries, net imports from CPEs and processing gains.

and willingness to exploit fluctuations and concentrate portfolios. S. M. Friedlander, 7, Sussex House, Grenville Road, NW3.

Calculation is the assumption that over the next 40 years a fund would earn 9 per cent gross and prices would rise at 6 per cent, a real margin of 3 per cent. To make this assumption a 1974 estimate is, to say the least, rash - after all the real interest yield after inflation has been negative (in some years heavily negative) through most of the last 5 years and is likely to return below zero during this financial year...

Has there ever been a period during which pension fund yields have exceeded inflation rates by a full 3 per cent? May I add that I understand that many (private) pension funds not bound to provide index-linked pensions are now valued at a real interest rate of zero or a yield which, in accordance with published calculations submitted to the Wilson Committee, leads to a contribution rate for civil service type pensions of 32 per cent of salary.

Roy Stevenson, 30 Massey Brook Lane, Lymm, Cheshire.

From the chairman, Town Planning Committee, Royal Borough of Kensington. Sir, - You reported recently - in an article on April 27, by Andrew Taylor on hotel development in London, and suggested that the Royal Borough together with the City of Westminster, are contemplating new policies to preclude new hotel development...

The latest current cost accounting (CCA) proposals are totally inadequate as a means of allowing for inflation in accounts, just like the earlier CCA proposals of Sandilands, Morpeth and Hyde. Nor are they suitable for tax purposes, being apparently intended for well under 1 per cent of all businesses. Why is there a need for inflation accounting? Because of inflation. So it is rather a serious disadvantage that CCA does not allow for inflation - as Exposure Draft 24 points out...

mid-Atlantic and European flights. South Atlantic fares have risen generally by 5 per cent as fare fares to the Middle East, Africa and Asia. Aviation fuel is expected to cost 65 U.S. cents a U.S. gallon this year, compared with 44 cents a gallon last December, but further rises are expected to push the present figure even higher.

Clearly the individual countries that have been hardest hit are those that depend almost exclusively on imported oil for their energy, such as Denmark. In 1972, before the first oil supply crisis, about 93 per cent of the energy Denmark consumed was oil-based. Some progress has been made towards diversifying its energy supplies since then, but last year it still relied on oil for 78 per cent of energy needs. As a result it has moved more quickly than most of its neighbours to cut demand...

The country has had some success in substituting imported coal for oil in its power stations, but its continuing dependence on oil to meet more than three-quarters of its energy needs shows how big is the challenge which faces the oil-consuming nations, if they intend to try to reduce their reliance on imported oil...

To meet the immediate shortfall of supplies, countries have had to fall back on the rather more old-fashioned expedient of rationing, or allocating, as the oil companies quaintly insist on calling it. A reduction in supplies of oil product deliveries to final consumers has been inevitable ever since the major oil companies had to announce in January a cut-back in their crude oil deliveries of up to 45 per cent as a result of the loss of supplies from Iran...

Fearful of creating an atmosphere of panic, governments have found themselves unable to explain or perhaps understand that there is a serious problem, that there is not a crisis, but that there is the prospect of a continuing, slight imbalance in the market, which can only be corrected in the short-term by taking real conservation measures.

Accountants. From the Executive Director, Society of Company and Commercial Accountants. Sir, - The Immediate Past President of the Association of Certified Accountants (May 5) has rather misinterpreted my comments on the three-way split in the profession. I see it not as a danger but as a necessary and desirable step towards more rational organisation...

Indigestion. From Mr. A. Graham. Sir, - On March 23 this year my secretary ordered an annual subscription to the Monthly Digest of Statistics. Nothing having happened by May she rang HMSO, but was told to ring another number on which she could speak to "the Hasting Office!" On talking to them, she was told that the Monthly Digest was not likely to arrive until mid-June. Perhaps the Prime Minister's adviser on efficiency in government departments should have a look at this!

Paperwork. From Mr. A. Butler. Sir, - Dr. D. Donoghly is right to seek relief from paperwork and Government returns. What is needed is a powerful committee (of three) controlling an inquisition into every department of State and its infliction of paperwork upon innocent citizens. There should be two questions asked: 1. Is this form absolutely necessary to the well-being of the country, not just the satisfaction of civil servants? 2. Is every sentence on the form or any "explanatory" document clear to a person of reasonable intelligence and literacy?

From Professor D. Myddelton. Sir, - Mr. Bayliss (May 8) is right to stress the urgent need for inflation accounting in computing liabilities to corporation tax and capital gains tax. More than 10 years ago I suggested using a simple constant purchasing power (CPP) system for both purposes, as well as for measuring business profits and losses.

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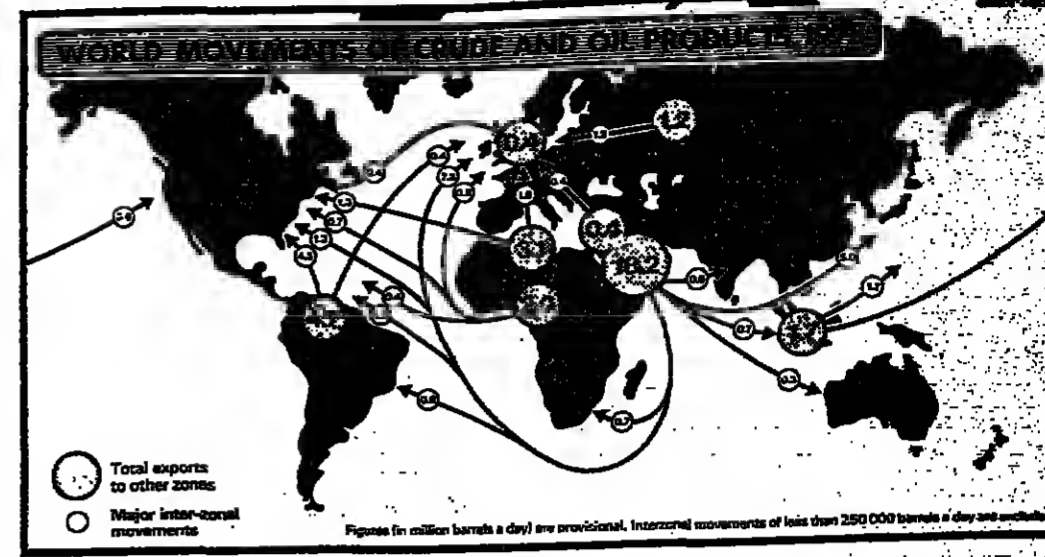


Figure in million barrels a day are provisional. International movements of less than 250 000 barrels a day are not shown.

In the meantime, no countries have been immune. In France and the UK most oil companies are allocating deliveries of lighter products, such as heating oil, diesel fuel and petrol. At best this means customers being kept to 100 per cent of last year's supplies - which does not account for any subsequent growth in the market.

Stocks of heating oil have been down to 110m barrels in the U.S. during April, below what the oil companies consider the danger level of 120m. This must be rebuilt by October 1 to 240m barrels in preparation for the winter, but the target is unlikely to be met unless the production of middle distilled gasoline is given some priority over gasoline. "Without having gasoline lines all round the block I don't know how the Energy Secretary can do this," says Mr. Brice Sachs, an executive vice-president of Exxon International. "But we must be realistic about the problems we will face next winter if we don't take this action. The problem does not get serious about rebuilding stocks if people going without heat or factories closing down because of lack of fuel."

On the supply front the OPEC producers appear to be sticking to their agreement with Iran at their last meeting in Geneva to reduce production to last year's levels as output picked up in Iran. The Iranian Government has made it clear that it does not wish to produce more than 4m barrels a day - 2m b/d less than it was producing before the revolution - and at the same time crude oil production has been reduced again by Saudi Arabia, Iraq and Kuwait.

The OPEC countries have relearned the lesson that was demonstrated in 1973/74, that while they keep oil supplies tight they have a free hand in raising prices. The West's addition to oil guarantees that their market will not suddenly shrink, because they have over-

priced the product. And a report released last month by a U.S. Senate committee concluded that the U.S. cannot rely on Saudi Arabia increasing its oil production capacity to levels necessary in order to bail us out of our long-term energy dilemma.

In the short-term Saudi Arabia is unlikely to be able to stand for much longer in splendid isolation among OPEC members holding to an oil price that in most cases is now at least \$2 a barrel less than that charged by other producers. Iran, the new price hawk, has started another round of leap-frogging increases this week, raising its surcharge by 60 cents a barrel, and its lead could soon be followed by other OPEC members. The organisation meets formally again in June, when Saudi Arabia will be under great pressure to fall in line. Every 10 per cent of the world oil price adds about half a per cent to OECD inflation and adds billions of dollars to the industrialised world's oil bill, further threatening the delicate progress of growth in the world economy. Hardest bit of all are the Third World countries, where further borrowing offers perhaps the only prospect of being able to pay their soaring oil bills.

Beneath the temporary inconveniences facing individual consumers everywhere the real threat facing the industrialised world is that it will be nudged back into recession by the cumulative effects of oil price increases and the shortfall in supplies.

The main oil consuming nations pledged themselves in March to cut their oil demand by 5 per cent to help bring the oil supply system back into an uneasy balance. They will provide each other with progress reports later this month at a meeting in Paris, but as yet their individual programmes for conservation and fuel substitution have not been very impressive. Most oil consuming nations are finding it hard to understand that what is essentially a very small fall in supplies can have such far-reaching consequences. Mr. Micawber saw things rather more clearly.

Form with fields for Name, Address, and a checkbox for FT2. Below the form is the text: "Please send me a FREE copy of FSL."

Handwritten signature or initials.

Handwritten note: 150

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Lonrho finally succeeded in boosting its interest to over 50 per cent in Scottish and Universal Investments by raising the cash element of its offer by 20p per share. The offer is now on the basis of one Lonrho share plus 135p for each SUITs share.

Table with columns: Company bid for, Value of bid per share, Market price, Price value of bid, Value of bid, Bidder, Final Acc'd date

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p)

PRELIMINARY RESULTS

Table with columns: Company, Year in, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p)

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p)

Gartmore Extra Income advertisement featuring '8.46%' and 'Estimated Gross Yield'.

REPORTS TO MEETINGS United Biscuits beginning to recover lost ground. The road haulage dispute had reduced UK earnings by roughly £3m at United Biscuits.

Record year for F. Gates. A record year in 1978 is reported by Frank G. Gates, Ford main dealer.

ARE YOU READY FOR THE GREAT THATCHER BULL MARKET? Advertisement for EQUITY RESEARCH.

Gartmore Fund Manager Ltd. application form with fields for name, address, and signature.

Marlborough Property. For the 18 months ended December 31, 1978, Marlborough Property Holdings achieved taxable profits of £73,894.

EUROBONDS. The Association of International Bond Dealers Quotations and Yields. Published monthly in the Financial Times.

INSURANCE BASE RATES. Property Growth 111%, Vanbrugh Guaranteed 10.12%.

EUROPEAN OPTIONS EXCHANGE table with columns: Series, Vol. July, Last, Vol. Oct, Last, Vol. Jan, Last, Stock

AN OFFER FROM M&G UNIT TRUSTS. Unit trusts provide constant supervision of your investment by professionals and minimise the risk of loss.

STOP! CHECK THIS LIST OF SHARES. Advertisement for 'The Trader' publication.

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Companies and Markets

WORLD STOCK MARKETS

Wall St. easy in early trading

INVESTMENT DOLLAR PREMIUM Effective \$2.0430 22 1/2% (23 1/2%) NARROWLY LOWER levels were recorded in moderate trading on Wall Street yesterday morning, as investors continued to worry about gasoline short-

Some analysts hope a slowdown in consumer buying will contribute to a slowing of the economy and ease upward pressure on prices and interest rates. THE AMERICAN SE Market Value Index rose 0.57 to 176.26, reducing its loss on the week to 6.29.

CANADA - Markets were higher in moderate noon trading yesterday, when the Toronto Composite Index rose 6.2 to 1,459.0.

Y4,200, Mitsui Mining Y13 10 Y888 and Kea Oil Y67 to Y977. JOHANNESBURG - Golds quietly mixed. Mining Financials slightly easier. Other Metals little tested.

Closing prices and market reports were not available for this edition.

ages and rising interest rates. At 1 p.m., however, the Dow Jones Industrial Average was up 0.52 to 829.44, reducing its loss on the week to 18.10 while the NYSE All Common Index, at 554.4, was off one cent on the day and 81.33 on the week. Volume 17.53m shares.

The Metals and Minerals Index also put on 6.2 to 1,241.2. Oil and Gas 15.7 to 2,183.5. Utilities 1.39 to 220.71 and Papers 0.42 to 159.84. But Banks shed 0.30 to 228.63 and Golds eased 2.1 to 1,740.5.

PARIS - Market eased in active trading, with French raw material prices up 1 per cent in April depressing sentiment. France's weakness and French Employers' Federation forecast of an economic growth rate of just over 3 per cent also affected deals.

Industries mixed to easier following high profit taking. HONG KONG - Prices fell sharply in thin quiet trading. Concern over inflation, increases in oil prices and speculation about transport cost rises all tended in depress sentiment.

Indices

NEW YORK - DOW JONES table with columns for May 10, 9, 8, 7, 6, 5, 4, 3, High, Low. Values include 829.44, 828.92, 829.85, 835.41, 847.54, 837.59, 876.72, 807.00, 1001.78, 41.22.

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F.T. CROSSWORD PUZZLE No. 3,969

A prize of £5 will be given to each of the senders of the first three correct solutions offered. Solutions must be received by Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name: _____ Address: _____

Crossword puzzle grid with numbers 1-31 and clues. Clues include: 1 Oil producer gets round in plundering (6), 4 The yard in a match - that's the final trial (4, 4), 10 We have little time for the worker after this month (7), 11 Worn-out engineer went to bed (7), 12 Worry sometimes associated with work (4), 13 They have settled the black-and-white problem for viewers (8, 4), 15 Pay a short call - it's all right in the joint (4, 2), 16 Italian city reveals my ability to tax (7), 20 One of those up the pole (7), 21 Crabby recluse (6), 24 Navelist from cathedral city carries weight (10), 26 When big it may be questioned - it's just a thought (4), 28 Film camel really flew (7), 29 Film actor fellow makes all return (7), 30 P.O. nailed for poem of recitation (8), 31 Proverb given orally (6).

Across

- 1 Oil producer gets round in plundering (6)
4 The yard in a match - that's the final trial (4, 4)
10 We have little time for the worker after this month (7)
11 Worn-out engineer went to bed (7)
12 Worry sometimes associated with work (4)
13 They have settled the black-and-white problem for viewers (8, 4)
15 Pay a short call - it's all right in the joint (4, 2)
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26 When big it may be questioned - it's just a thought (4)
28 Film camel really flew (7)
29 Film actor fellow makes all return (7)
30 P.O. nailed for poem of recitation (8)
31 Proverb given orally (6)

Down

- 1 A soaking for the summer during autumn (8)
2 Distracted like the man who drank too much (6, 3)
3 It's mean to be left (4)
5 This type of punishment means two stripes (8)
6 Put off the twill cloth coming up - that's settled (10)

SOLUTION AND WINNERS OF PUZZLE No. 3,964

Following are winners of last Saturday's puzzle: Mr. G. D'Alton, 1 Keats Close, Earls Barton, Northampton, NN6 0PR. Mr. D. D. Howden, 4 Woodend Drive, Raleton, Paisley, Renfrewshire. Mrs. E. Pelosi, 12 Whitbourne Avenue, Torquay, Devon.

RACING BY DOMINIC WIGAN

Milford's high hopes in Derby trial

IN SPITE of the disappointing absence of Derby favourite, Elm-Mac-Mou from today's Lingfield Derby Trial there is every possibility that the race will give some useful Epsom pointers. For among the eight runners for this Ladbrokes-sponsored event, which has often been a useful classic guide in the past are the Queen's Milford and the Berry Hills-trained Joleg.

Should Milford win in impressive style here Carson, now confident of being back to the saddle within two weeks, will be looking forward to June 6 with even more optimism than he already radiates. More Light and Troy his two other alternatives for Epsom, go next for the Mecca-Dante Stakes and Predominate Stakes respectively.

LINGFIELD table with columns for Race, Horses, Odds, Jockeys. Races include 11.00-Mother Flatter, 12.00-Somers Heir, 12.30-Willing To Learn, 1.00-Red Rufus, 1.30-Milford, 2.00-New Berry.

NEW YORK

NEW YORK Stock table with columns for Stock, May 10, May 9. Includes companies like Amstar, Amalgamated, Amstar, Amstar, Amstar.

STOCK

STOCK table with columns for Stock, Price, Div. Yld. Includes companies like Amstar, Amalgamated, Amstar, Amstar, Amstar.

THURSDAY'S ACTIVE STOCKS

THURSDAY'S ACTIVE STOCKS table with columns for Stock, Price, Div. Yld. Includes companies like Amstar, Amalgamated, Amstar, Amstar, Amstar.

STOCK

STOCK table with columns for Stock, Price, Div. Yld. Includes companies like Amstar, Amalgamated, Amstar, Amstar, Amstar.

STOCK

STOCK table with columns for Stock, Price, Div. Yld. Includes companies like Amstar, Amalgamated, Amstar, Amstar, Amstar.

BOOKS 2

Beyond the folly BY GEORGE WATSON

Beckford of Fonthill by Brian Fothergill. Faber and Faber, £13.50. 387 pages.

What masterpiece of French literature was written by an Englishman? The answer is William Beckford's *Vathek*. Unfortunately, the French original does not certainly survive. Beckford having apparently sent off the only copy he had to be turned into English; and the versions we do have, if Mr. Fothergill is right in his new life of Beckford, may represent successive attempts to translate the book back into French from an English version that appeared in 1786. Still, *Vathek* is a masterpiece—the fine flower of that cult for eastern art that gave Brighton a pavilion at much the same time, and of all eighteenth-century books the one that remains the modern reader most vividly of the early fiction of Evelyn Waugh.

Unfortunately, *Vathek* does not get much of a look-in in Mr. Fothergill's new life, which is biography pure and simple, impure and complex though its subject undoubtedly was. Beckford, who was born in 1760, was enormously rich by inheritance, of varied sexual instincts, and

as ingloriously a Member of Parliament as Edward Gibbon himself. Literature was merely what he did best, like Gibbon. His latest biographer has other interests, however, and sees him mainly as a builder, a traveller, a lover and a man of taste.

The truth is, though, that in its lasting aspects the building does not amount to much. There was Fonthill Abbey, which Beckford started near Bath in 1797, but in a life of 84 years, only 15 were spent under the roof of that monumental folly, and singularly unproductive years at that. It is not even certain if Beckford saw its enormous tower collapse in 1825, a catastrophe that must have been worth watching. It astonishingly killed nobody, though it drove somebody 30 feet along a corridor like a bullet through the barrel of a gun.

Hard, then, to understand why this new biographer should think the name of Beckford "should always be linked with this most splendid of follies." The remark is unwittingly vindictive. Beckford built as other men drink, as he once remarked himself, to forget unhappiness. Mr. Fothergill sees the ruin of Fonthill as a perfect symbol

of a personality. I disagree. A writer does not live in his personality, in any case, and one sentence by Beckford has more to give than any pile of stones. Mr. Fothergill's own style is adequate rather than distinguished, it must be said, and sometimes adipsose in its gait. It catches nothing from its original. But the chief disappointment of this new book, his sixth biography, lies in what it chooses to think important. The lavish illustrations, and especially the dressing middle-aged portrait by John Zoppner, with a rich-looking folio on lap and a far-away look in the eyes, tell as much as the text itself about Beckford's tastes in living and loving.

I should like to record, in recompense, a conviction that it is foolish to build a folly, and wise to write well. Beckford did write well, even if he behaved foolishly with his money. Consider *Vathek*: it turns out of elegant oriental spoof into a tale of high sentiment about the uncertain dignity of male love, and it is surprising that an age like ours, with its renewed interest in such matters, has not made a cult book of it. Perhaps it finds it too evasive.

The *Recollections of an Excursion to the Monasteries of Alcobaca and Batalha* (1835), which Beckford wrote at the age of 74 in memory of a Portuguese journey some 40 years earlier, is composed in a dialect of nostalgia so rolled and rolled in the mind as to have burnished itself into a jewel. The French Enlightenment lies behind this prose; but when the English learnt its new and ironic style, mainly from Voltaire, they gave it a higher finish than Voltaire himself had ever achieved, and a tone more subtly elusive and less open than his to the charge of mere buffoonery. That manner, touched as it is with the playful knowledge of high camp, has a continuous life in English: Gibbon, Beckford, Peacock, Thackeray, Henry James and the brothers Waugh.

Mr. Fothergill has told a good story of a fabulous life all over again. But he has left out the best part, which is what Beckford did when he was not building, travelling or making love to that disappointing figure, the future Earl of Devon, for whom he had to flee England. A few perfunctory references apart, he has left out Beckford's books.

Trying to like Stendhal BY IAN DAVIDSON

Speaking of Stendhal by Storm Jameson. Gollancz. £6.95. 157 pages.

There are, I suppose, three ways of missing out on a widely admired author. You can be so daunted by his reputation that you fail to start reading him; you start reading him, but give up after 20 pages, baffled; or read a couple of hooks, and are left wondering what the fuss was about. The first two conditions are much easier to cure than the third.

For five years, I carried *A la recherche du temps perdu* round Europe with me, in the hope that I might one day, in a fit of absentmindedness, happen to polish off all 12 volumes. The volumes remained unread.

One day I took Vol. 1 with me on an aeroplane, dozed over the first twenty pages, and left the plane without it. It was not until several years later that I started again (on Vol. 2, of course), and discovered that Proust is totally different from his vulgar image as a milk-and-

water aesthete. No one had ever told me that he is indescribably funny, let alone that his prose is ideal for reading out loud, even when his sentences go on for four pages.

And so I was cured of diseases one and two. By accident, or rather by the reproachful, impertinent presence of these unread volumes on my shelves, I discovered one of the great authors of this century (or any century). In retrospect, I blame the long delay in my making this universal discovery on the recommendation of two university friends who radiated a preciosity and a preciosity which Proust would have found nauseating; he would instantly have cast them for leading roles in one of his hilarious Parisian party scenes.

The recommendation of Storm Jameson is, however, quite another matter, and I trust that she will cure me of the much more difficult condition, disease number 3. I have read *La Chartreuse de Parme* (admittedly many years ago), and it left no impression on me—perhaps because I read it

prematurely in French? Not long ago I re-read *Le Rouge et le Noir* (in English this time), and found it unbelievably crude for what is generally regarded as a masterpiece. I've tried *De l'Amour*, and found it disorganised, pedestrian and pointless. I've dipped into the Lives of Haydn, Mozart and Metastasio, and whether or not the work is entirely plagiarised from other, wholly second-rate writers, the result is not, in itself, to be recommended as an illumination of the work of the artists in question. I had begun, I must confess, to conclude that Stendhal was vastly overrated.

The advocacy of Storm Jameson is not, however, to be lightly disregarded, and this not just because the word of a woman of 85 (or thereabouts) may be taken more seriously than that of an undergraduate. It is because she has written a book of great economy, lucidity and elegance, which vividly conveys her own life-long love and admiration for Stendhal. If a woman who can write like this loves and admires Stendhal, who am I to find him crude?

After I have closed her book, I am still left with some puzzling questions. Stendhal's literary career is that of a man who, for most of his life, was in the greatest confusion as to what he was about. Why did he write a history of Italian painting with an amateurism that can only be described as an excuse for total ignorance? Why did he plagiarise the lives of Haydn, Mozart and Metastasio, when it is abundantly clear, even from those passages which may be his own, that his understanding of music was narrow, limited and peculiar? Why did he embark on, but not finish, a life of Napoleonic the shortcomings of which even Storm Jameson does not attempt to defend?

It is not, perhaps, surprising that so many fans of Stendhal should have exhausted themselves in the quest for the real Henri Beyle—the fat, ugly, outrageous, amusing talker who ended his life as French consul in Civitavecchia. For myself, I shall go out and buy *La Chartreuse de Parme*, *Le Vie de Henry Brulard*, and the *Memoires d'un Touriste*.

ENGLISH & SCOTTISH INVESTORS LIMITED

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Managers and Secretaries: Gartmore Investment Limited

Dividend record				Revenue and Dividends				Capital performance record	
1970-1979				1970-1979				1970-1979	
Year to 31st January	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per Ordinary and T Share	Year to 31st January	Gross Revenue	Net Dividend Per Ordinary Share	Net Asset Value Per Ordinary and T Share	Year to 31st January	Net Asset Value
1975	1,027,724	1.38	60	1975	1,027,724	1.38	60	1975	60
1976	1,088,776	1.39	81	1976	1,088,776	1.39	81	1976	81
1977	1,477,133	2.15	85	1977	1,477,133	2.15	85	1977	85
1978	1,255,227	2.44	89	1978	1,255,227	2.44	89	1978	89
1979	1,518,884	2.65	89	1979	1,518,884	2.65	89	1979	89
(1) The figures for 1976 onwards show the Consolidated Results.				(2) Dividends and Net Asset Values per Share have both adjusted for scrip issues.					
Performance				Movement %					
Net Asset Value per 25p share				Financial Times Ordinary Index					
+15.8				+0.1					
Dow Jones Index (adjusted for dollar premium and currency movements)				+20.6					
Earnings per Ordinary share				+10.3					
Dividend per Ordinary share				+ 8.2					
Geographical distribution of portfolio				Equities					
United Kingdom				52.1					
North America				18.6					
Far East and Australia				14.0					
Other Countries				1.9					
Fixed Interest				80.6					
Net Current Assets				8.1					
Fiscal Income				0.3					
				100.0					

Unaudited net asset value per share at 30th April 1979 was 119.9p

Extracts from the Review by the Chairman, The Rt. Hon. Lord Tryon

This year marks the fiftieth anniversary of your Company, which was incorporated on 8th February 1929.

I am glad to report that at the 31st January 1979 total funds stood at a new year-end record of nearly £28m; and the net asset value per share and dividend rates have never been higher.

The U.K. equity content was increased during February. We have reduced our exposure to the premium by drawing down further dollar loans and repatriating the proceeds to the maximum extent that we felt was prudent.

We are reasonably optimistic for most world stock markets. I believe that an investment trust which is actively and successfully managed still has a useful role to play and that a proper value for the underlying assets and management expertise will emerge in due course.

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE of MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help—send a donation today to: Room F.1, The Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW1 1SJ.



-60°C

+3300°C

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and business be more productive from the tropics to the Arctic.

And we are applying technology to propulsion systems and energy production—nuclear, solar, geothermal—and to other advanced ways of making more effective use of oil, coal and gas.

Our temperature scale is wide, and so

is the range of our other activities—micro-electronics, automotive, telecommunications, aerospace, printing, industrial sewing machines and power tools.

And, of course, flow control systems and energy systems.

Rockwell International. Putting technology to work—for you.

If you would like to know more about us, please write to The Communications Director, Rockwell International Limited, Rockwell House, 23 Grafton Street, London W1P 5LG, England.



Rockwell International

APPOINTMENTS Group changes at Unigate

UNIGATE has made the following appointments from June 1. On the main Board, Mr. John Read is to be joint chief executive with Mr. John Clement...

Mr. W. G. Cooch has been appointed acting managing director and Mr. L. D. Banks, supplies and administration director of BASS EXPORT...

Mr. Laurie Marsh has been appointed a director of ASSOCIATED COMMUNICATIONS CORPORATION. Mr. G. B. Platt has been appointed a director of JOHN GOOD AND SONS...

Mr. Brian Boucher, sales director, and Mr. Simon Coningham, financial director of CONDE NAST AND NATIONAL MAGAZINE DISTRIBUTORS...

Dr. E. Sakiz and Mr. K. G. Adams have joined the Board of ROUSSEL LABORATORIES in the UK. Dr. Sakiz is vice chairman of the parent Rousset-Uclaf Group...

Mr. David F. V. Ashby has been appointed group chief economist at GRINDLAYS BANK. He was formerly senior economist in London with Bankers Trust Company.

Mr. Terry Collins has been appointed chairman of CUP-ROLYN, succeeding Mr. John Olyer, who is also the vice chairman and managing director of Berger Jensen and Nicholson, a subsidiary of Hoechst.

Mr. Peter Atwell has been appointed managing director of EDGAR ALLEN BERRY. He was chief executive of the Shepherd Group's bulk handling equipment operations in York.

Mr. Norman Richards, managing director of GRN Steelstock, has been elected president of the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS...

BRITISH FUNDS (449) Table listing various funds such as British Equities, British Government, and British Property with their respective values.

BREWERIES (163) Table listing various brewery companies and their values, including Allied Breweries, Bass, and Carlsberg.

AMERICAN DISTILLING COMPANY Table listing various distilling companies and their values, including J. & J. Seagram & Sons and Heublein & Bros.

COMMERCIAL (2,728) Table listing various commercial companies and their values, including Anglo American and Anglo Siam.

FREE OF STAMP DUTY Table listing various companies and their values, including Anglo American and Anglo Siam.

COMMONWEALTH CORP. STOCKS Table listing various commonwealth corporations and their values, including Anglo American and Anglo Siam.

COMMONWEALTH CORP. BONDS Table listing various commonwealth corporations and their values, including Anglo American and Anglo Siam.

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Stock Exchange dealings

Table showing stock exchange dealings for Thursday, May 10, 1979, including various indices and company shares.

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List...

Table showing stock exchange dealings for Friday, May 11, 1979, including various indices and company shares.

Table showing stock exchange dealings for Saturday, May 12, 1979, including various indices and company shares.

Cricket on the telephone

London the service will run from 8 to 7 p.m. on each scheduled playing day. The matches covered by the service are the four-test series between England and India...

Government aid to housing co-op

SIXTY-ONE families will hold a carnival on a derelict inner-city site in Liverpool tomorrow to mark the start of the Government's housing co-operative scheme...

FT. AT 700! Table showing FT index values and other market data.

TO HOLDERS OF SHARE CERTIFICATES OF Bramed Resources Limited AND The Yukon Consolidated Gold Corporation Limited. Notice is given to holders of share certificates of Bramed Resources Limited and The Yukon Consolidated Gold Corporation Limited...

Financial Times Saturday May 12 1979. Table listing various financial instruments and their values.

Table listing various financial instruments and their values.

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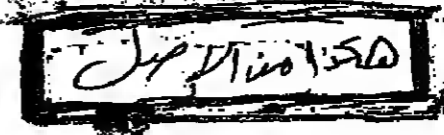
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Notes and footnotes regarding the data presented in the tables, including interest rates and market conditions.



SPECIAL LIST

Business done in Securities Quoted in the Monthly Supplement.

RUBBER (16)

List of rubber-related securities including various companies and their stock prices.

FOREIGN RAILWAYS (1)

List of foreign railway securities.

UK RAILWAYS (1)

List of UK railway securities.

TEA (10)

List of tea-related securities.

CANALS (5)

List of canal-related securities.

WATERWORKS (8)

List of waterworks-related securities.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979).

OTHER MARKETS

Summary of other market conditions and rates.

LONDON MONEY RATES

Table of London money rates for various currencies and terms.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various currencies.

UK CONVERTIBLE STOCKS 11/5/79

Table of UK convertible stocks with columns for Name, Size, Current price, Conversion dates, etc.

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EXCHANGES AND BULLION

Table of exchange rates and bullion prices for various currencies.

THE POUND SPOT AND FORWARD

Table of pound spot and forward rates for various terms.

GOLD

Table of gold prices and market data.

STATISTICS PROVIDED BY DATA STREAM INTERNATIONAL

Table of international statistics and market data.

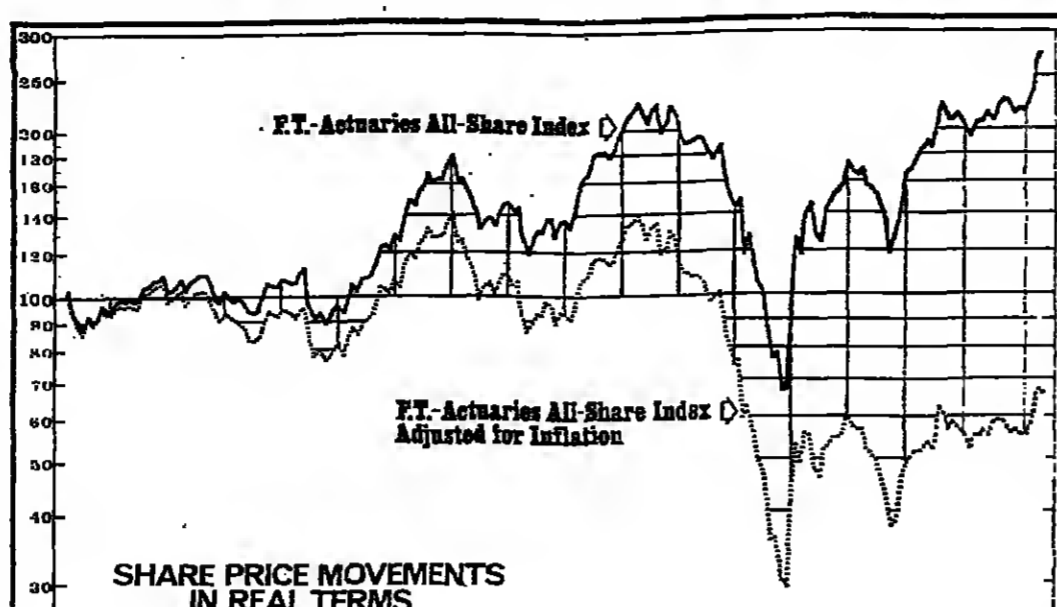
LONDON STOCK EXCHANGE

Companies and Markets

Rally halted on confirmation of double figure inflation Equities mixed with index down 25.8 on week at 532.8

Account Dealing Dates Opinions First Declara- Last Account Dates...

quiet equity market and only 897 deals were completed, barely half of the short week's average...



where Shippings attracted increased interest on a batch of new firms. Active and firm at the outset on strong takeover rumours...

Table with columns: Stock Name, May 11, May 10, May 9, May 8, May 7, Year Ago. Includes Government Secs, Fixed Interest, Industrial, etc.

As measured by official markings of 4.328, trade was at its lowest for three weeks, while the range of the FT 30-share index was limited to less than four points...

Royals easier The shock setback in first-quarter profits announced by Royals on Thursday, continued in which heavily on Composite Insurance...

Lesney down again Industrial miscellaneities moved narrowly in thin trading and closed mixed. Glaxo declined with an above-average gain...

Newspapers traded quietly and without distinction, but recently firm Saatchi and Saatchi met profit-taking and closed 7 lower at 205p.

South African Financials again attracted a fair amount of support from overseas and London buyers reflecting the recent buoyancy of the gold share market...

Disappointment with the first liquidation payment left third (Africa) 4 1/2p. The price fell to 15p...

Table with columns: High, Low, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 1832, 1831, 1830, 1829, 1828, 1827, 1826, 1825, 1824, 1823, 1822, 1821, 1820, 1819, 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585, 584, 583, 582, 581, 580, 579, 578, 577, 576, 575, 574, 573, 572, 571, 570, 569, 568, 567, 566, 565, 564, 563, 562, 561, 560, 559, 558, 557, 556, 555, 554, 553, 552, 551, 550, 549, 548, 547, 546, 545, 544, 543, 542, 541, 540, 539, 538, 537, 536, 535, 534, 533, 532, 531, 530, 529, 528, 527, 526, 525, 524, 523, 522, 521, 520, 519, 518, 517, 516, 515, 514, 513, 512, 511, 510, 509, 508, 507, 506, 505, 504, 503, 502, 501, 500, 499, 498, 497, 496, 495, 494, 493, 492, 491, 490, 489, 488, 487, 486, 485, 484, 483, 482, 481, 480, 479, 478, 477, 476, 475, 474, 473, 472, 471, 470, 469, 468, 467, 466, 465, 464, 463, 462, 461, 460, 459, 458, 457, 456, 455, 454, 453, 452, 451, 450, 449, 448, 447, 446, 445, 444, 443, 442, 441, 440, 439, 438, 437, 436, 435, 434, 433, 432, 431, 430, 429, 428, 427, 426, 425, 424, 423, 422, 421, 420, 419, 418, 417, 416, 415, 414, 413, 412, 411, 410, 409, 408, 407, 406, 405, 404, 403, 402, 401, 400, 399, 398, 397, 396, 395, 394, 393, 392, 391, 390, 389, 388, 387, 386, 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185, 184, 183, 182, 181, 180, 179, 178, 177, 176, 175, 174, 173, 172, 171, 170, 169, 168, 167, 166, 165, 164, 163, 162, 161, 160, 159, 158, 157, 156, 155, 154, 153, 152, 151, 150, 149, 148, 147, 146, 145, 144, 143, 142, 141, 140, 139, 138, 137, 136, 135, 134, 133, 132, 131, 130, 129, 128, 127, 126, 125, 124, 123, 122, 121, 120, 119, 118, 117, 116, 115, 114, 113, 112, 111, 110, 109, 108, 107, 106, 105, 104, 103, 102, 101, 100, 99, 98, 97, 96, 95, 94, 93, 92, 91, 90, 89, 88, 87, 86, 85, 84, 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 67, 66, 65, 64, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48, 47, 46, 45, 44, 43, 42, 41, 40, 39, 38, 37, 36, 35, 34, 33, 32, 31, 30, 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0, -1, -2, -3, -4, -5, -6, -7, -8, -9, -10, -11, -12, -13, -14, -15, -16, -17, -18, -19, -20, -21, -22, -23, -24, -25, -26, -27, -28, -29, -30, -31, -32, -33, -34, -35, -36, -37, -38, -39, -40, -41, -42, -43, -44, -45, -46, -47, -48, -49, -50, -51, -52, -53, -54, -55, -56, -57, -58, -59, -60, -61, -62, -63, -64, -65, -66, -67, -68, -69, -70, -71, -72, -73, -74, -75, -76, -77, -78, -79, -80, -81, -82, -83, -84, -85, -86, -87, -88, -89, -90, -91, -92, -93, -94, -95, -96, -97, -98, -99, -100, -101, -102, -103, -104, -105, -106, -107, -108, -109, -110, -111, -112, -113, -114, -115, -116, -117, -118, -119, -120, -121, -122, -123, -124, -125, -126, -127, -128, -129, -130, -131, -132, -133, -134, -135, -136, -137, -138, -139, -140, -141, -142, -143, -144, -145, -146, -147, -148, -149, -150, -151, -152, -153, -154, -155, -156, -157, -15

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including Abbey Unit Tr. Mgrs. (a), Abbey Unit Tr. Mgrs. (b), Abbey Unit Tr. Mgrs. (c), etc.

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., etc.

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., etc.

Table of offshore and overseas funds including Alexander Fund, Alexander Fund, Alexander Fund, etc.

OFFSHORE AND OVERSEAS FUNDS

Notes section containing additional information and disclaimers regarding the funds listed.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity, Commercial Union, and London & Lancashire.

PROPERTY—Continued

Table of property stocks including companies like British Land, Anglo-Continental, and National Westminster.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture, and British Venture.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like Anglo-Continental, British Venture, and British Venture.

Advertisement for Knight Frank & Rutley, Planning and Compensation.

MINES—Continued

Table of Australian mines including companies like Anglo-Continental, British Venture, and British Venture.

TINS

Table of tins including companies like Anglo-Continental, British Venture, and British Venture.

COPPER

Table of copper stocks including companies like Anglo-Continental, British Venture, and British Venture.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Continental, British Venture, and British Venture.

NOTES

Notes section containing various financial notes and disclaimers regarding the data presented.

REGIONAL MARKETS

Table of regional markets including companies like Anglo-Continental, British Venture, and British Venture.

OPTIONS

Table of options including companies like Anglo-Continental, British Venture, and British Venture.

LEISURE

Table of leisure stocks including companies like Anglo-Continental, British Venture, and British Venture.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades including companies like Anglo-Continental, British Venture, and British Venture.

Commercial Vehicles

Table of commercial vehicles including companies like Anglo-Continental, British Venture, and British Venture.

Components

Table of components including companies like Anglo-Continental, British Venture, and British Venture.

Garages and Distributors

Table of garages and distributors including companies like Anglo-Continental, British Venture, and British Venture.

NEWSPAPERS, PUBLISHERS

Table of newspapers and publishers including companies like Anglo-Continental, British Venture, and British Venture.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising including companies like Anglo-Continental, British Venture, and British Venture.

SHIPPING

Table of shipping stocks including companies like Anglo-Continental, British Venture, and British Venture.

SHOES AND LEATHER

Table of shoes and leather including companies like Anglo-Continental, British Venture, and British Venture.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Continental, British Venture, and British Venture.

TEXTILES

Table of textiles including companies like Anglo-Continental, British Venture, and British Venture.

TOBACCO

Table of tobacco stocks including companies like Anglo-Continental, British Venture, and British Venture.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land including companies like Anglo-Continental, British Venture, and British Venture.

PROPERTY

Table of property stocks including companies like Anglo-Continental, British Venture, and British Venture.

OILS

Table of oil stocks including companies like Anglo-Continental, British Venture, and British Venture.

OVERSEAS TRADERS

Table of overseas traders including companies like Anglo-Continental, British Venture, and British Venture.

RUBBERS AND SISALS

Table of rubbers and sisals including companies like Anglo-Continental, British Venture, and British Venture.

TEAS

Table of tea stocks including companies like Anglo-Continental, British Venture, and British Venture.

MINES

Table of mines including companies like Anglo-Continental, British Venture, and British Venture.

CENTRAL RAND

Table of central rand stocks including companies like Anglo-Continental, British Venture, and British Venture.

EASTERN RAND

Table of eastern rand stocks including companies like Anglo-Continental, British Venture, and British Venture.

FAR WEST RAND

Table of far west rand stocks including companies like Anglo-Continental, British Venture, and British Venture.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-Continental, British Venture, and British Venture.

FINANCE

Table of finance stocks including companies like Anglo-Continental, British Venture, and British Venture.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Continental, British Venture, and British Venture.

CENTRAL AFRICAN

Table of central African stocks including companies like Anglo-Continental, British Venture, and British Venture.

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SKIPTON BUILDING SOCIETY

THE LEX COLUMN

A return to double digit inflation

Index rose 0.1 to 532.8

History has repeated itself this week. Stock market records are full of instances of share prices hitting short-term peaks on or around general election polling days, and profit takers have been busy in the past few days. Not only have equities fallen—the 30-Share Index has lost 25.8 points in four days—but gilt-edged have suffered big declines and sterling, too, has gone into reverse by a matter of 2 per cent in a week, according to the Bank of England's trade-weighted index.

At least there was no new tap stock yesterday afternoon. A full issue of a fixed coupon stock had not really been expected in such unsettled conditions, but there were suggestions that the authorities might take the opportunity to produce the fourth issue of variable rate stock—the third issue, colloquially known as V3, ran out a couple of days ago. But there was no announcement, though these are the conditions of rising money rates in which variable rate gilts find buyers; rates for three-month money have climbed by the best part of half a point in the past week as hopes of any early downward move in Minimum Lending Rate have faded.

Retail prices

Double-digit inflation makes good headlines, and would have made very good electioneering fodder if it had come about a month earlier. For the stock market, the most significant thing about it is that it is likely to be around for some time. Quite apart from the expected shift to indirect taxes, which will probably push the retail price index up by around 2 per cent this summer, there are clearly quite a lot of price increases in the pipeline—Tuesday's wholesale price figures, which give an early warning, were singularly unpromising.

Seasonal food prices have been high for unusually long this winter, but even if they are stripped out of the index, there has been a 12.3 per cent rise in

with the option of reversal from Eurocanadian. The FW suitor. The latter is under strict instruction from the Monopolies Commission to reduce its stake to 10 per cent by the end of this year. Altogether KCA and Eurocanadian control 22 per cent of FW and claim to be seeking "close relationship". Given the hostility that surrounds Eurocanadian's earlier approaches to FW this is in waving a red rag at a bull. Eurocanadian is forbidden from bidding for FW, and KCA clearly cannot afford to. Immediate reaction of the stock market was one of puzzlement. The shares fell 17p after announcement to 281p.

However, the KCA initiative should not be completely ignored. Aside from the general shareholders in FW there are four different parties interested in the future of the company and not all of them are large with the current train of events. KCA Drilling clearly has an eye on FW's offshore drilling operation and, in particular, the Uncle John drilling rig which is fabulously profitable. It could somehow merge interests with those of FW, might be able to turn itself into a major international drilling company, rather like Sainsbury.

Meanwhile Eurocanadian's concern with the FW stake in Manchester Lines (controlled by FW) if it could hold of Manchester Lines which lost money in 1978, but it could tighten its hold on the Canadian container trade. There is also European Ferries which announced a 2 per cent stake in FW some time ago. It has been playing down its interest in making a bid recently, but with its cross channel ferry routes reaching maturity as cash starting to pile up it needs to diversify.

Finally, there is Rex Brothers, a tiny City merchant bank, that is understood to influence over 20 per cent of the shares. FW is not as safe from takeover as it likes to make out.

Furness Withy

Who said the City's buccannery spirit was dead? Yesterday KCA Drilling, which lost most of its money and a number of its rigs in Algeria, a few years ago, emerged as the mystery buyer of Furness Withy shares—a company seven times its size. It has bought 3.7 per cent of FW for cash and another 8.4 per cent for deferred settlement but

Two-tier plan for EEC farm prices

By Christopher Parkes

A TWO-TIER price system for farm produce was suggested yesterday as a "more realistic" solution to the problems of the Common Agricultural Policy by Mr. Jean François Poncet, the French Foreign Minister.

Full prices for a set quota of farm output would allow producers to keep pace with rising costs, while lower rates for production beyond the quota would discourage them from adding to surpluses, Reuter reported from Paris.

Mr. Poncet's ideas are a radical departure from the traditional French approach to farm policy. Quotas have long been promoted by economists as the only long-term solution to the Community's difficulties with mountains and "lakes" of surplus produce.

The Commission has warned in the past that they might become inevitable, but Mr. Poncet is the first politician of such rank to have given public support to the concept. The notion obviously cannot be incorporated in this year's farm price fixing which is already running months behind schedule. If it is ever aired in the Council of Agriculture Ministers, it is certain to run into stiff opposition, not least from Britain.

Nor will French and German farmers take kindly to the idea of having their existing open-ended price guarantee taken away from them. At present any produce not sold on the open EEC market or exported with the aid of heavy subsidies is virtually automatically taken into the intervention stores at full prices.

Ironically, the only major commodity at present subject to quotas, sugar, is one of the Community's most embarrassing problems. Annual surpluses at present are about 3m tonnes. But sugar quotas, fixed before the EEC had any idea of the potential sale of its difficulties, are to be reviewed shortly.

For this year, senior French Government officials said, the last British Government's demand for an overall freeze on farm prices was "illusory."

They accepted that surpluses had to be controlled but claimed that prices should rise by more than the lowest level of inflation in the Community.

Thatcher verdict on EMS by September

By David Marsh

THE GOVERNMENT will make up its mind by September whether Britain will join the European Monetary System, Mrs. Thatcher said yesterday after two days of talks with Chancellor Helmut Schmidt of West Germany.

The Prime Minister said Britain needed time to examine all the aspects of EMS membership. The Government would have considered its position by the time of the formal EEC review of the system in September, six months after the setting up of the scheme.

Emphasising the basic line towards Europe of conciliation mixed with toughness set out in her speech on Thursday night, Mrs. Thatcher said she was aiming for a constructive framework for British relations with the Common Market.

Mrs. Thatcher and Herr Schmidt stressed their intention of maintaining the harmony between the British and German Governments.

Herr Schmidt said he was fully satisfied with the attitude Mrs. Thatcher's Government was taking towards the EMS and commented "hear, hear" when Mrs. Thatcher cited the need for changes in the EEC's green currency and farm pricing mechanisms. Mrs. Thatcher said the talks, the latest in the six-monthly series of Anglo-German

consultations, had enabled the two sides to get to know each other's policies and had laid the basis for co-operation.

The two leaders were joined in their foreign policy discussions by Lord Carrington, the Foreign Secretary, and Herr Hans-Dietrich Genscher, his German counterpart. On the subject of the multilateral aid programme being worked out for Turkey, Herr Schmidt said he hoped that an international package would be worked out in a few weeks, before the seven-nation economic summit due to take place in Tokyo at the end of June.

The package would have three or four elements. It would include an agreement between Turkey and the International Monetary Fund, loans from commercial banks, and separate aid from a consortium of OECD and other countries along the lines first proposed at the Gaudaloupe summit earlier this year.

Herr Schmidt called for a swift ratification in both Moscow and Washington of the new SALT II agreement. He said that negotiation had already taken too long and that delay would be harmful for the West and the rest of the world, a view with which Mrs. Thatcher agreed.

Guy de Jonquieres adds from Paris: France does not intend to press Britain's new Conserva-

tive Government to make an early decision to join the EMS and does not believe that the UK's continued absence is likely to impair the functioning of the EMS.

This view, understood to be held by M. Raymond Barre, the French Prime Minister, is based on the fear that if Britain was to rush into joining the EMS before it felt ready to do so, its membership could prove brief.

To support their argument, senior French officials recall Britain's short-lived membership of the EEC "currency snake" in 1972, which lasted only six weeks. They fear that if this recurred with the EMS, the system could be damaged.

The view in Paris is that sterling's participation in the EMS is less important to the system's success at this stage than the fact that the EEC's six founding members are all taking part and providing a solid "core" for its operations.

The clear implication is that in spite of the Conservative Government's commitment to a more pro-EEC attitude than its Labour predecessor, France still considers that there is a greater community of interest among the six original members than in the enlarged EEC of nine.

Picture, Page 4; Markets, Page 25

Euro elections strain Labour's fragile unity

By Elinor Goodman, Lobby Staff

NEXT MONTH'S direct elections to the European Parliament look like putting a severe strain on the Labour Party's fragile unity. With nominations for the 78 British Euro constituencies due to close today, all the old divisions between pro and anti-Marketers look like coming close to the surface again in what Transport House believes will be a low-key campaign.

This is despite the efforts of some leading Labour moderates to close ranks and avoid the painful splits which racked the movement after previous election defeats.

Rather than allow the Left to become totally exiled on the back benches, some moderate members of Mr. Callaghan's former Cabinet were yesterday saying that ways must be found of ensuring that the Left is represented in the "shadow" Cabinet.

Nevertheless, the harmony which tactics like this seemed designed to create, are likely to be seriously tested during the European election campaign. The signs are that Mr. Anthony Wedgwood Benn, the leading anti-Marketer, may try to play a more prominent role in the campaign than Mr. Callaghan.

And, since Mr. Benn announced earlier this week that he had back benches to a possible position in Mr. Callaghan's Shadow Cabinet, he will no longer feel inhibited by the doctrine of collective responsibility which meant he had to tone down some of his hostility towards the Community while in the Government.

Mr. Benn and Mr. Callaghan will fight the European elections on the same manifesto. Mr. Callaghan will adopt a Gaullist attitude, claiming to put Britain's interests first. Mr. Benn will stress the party's total

opposition to any more towards federalism and the threat in the manifesto to take Britain out of the Community if fundamental reforms are not met.

As chairman of the party's EEC liaison committee, Mr. Benn looks set to claim what he sees as his right to appear alongside Mr. Callaghan in Labour's party political broadcast for the direct elections. Though pro-Marketers will do their best to avoid it happening, it could be left to Mr. Benn to launch the party's manifesto for Europe on Monday week.

Labour has been too preoccupied with the Westminster elections to pay much attention to the European poll on June 7. Mr. Callaghan is known to be very unhappy with some parts of the manifesto. He would prefer it if some of those sections which Mr. Benn believes are most important were played down during the campaign.

For this year, senior French Government officials said, the last British Government's demand for an overall freeze on farm prices was "illusory."

They accepted that surpluses had to be controlled but claimed that prices should rise by more than the lowest level of inflation in the Community.

Weather

UK TODAY
MOST parts of England, Wales and Northern Ireland will be dry with sunny spells. Scotland cloudy with rain.

London, S.E., E. and Central S. England, E. Anglia, Midlands Mainly dry, with sunny spells. Warm. Max 20C (68F).

N.E. and Central N. England, Lakes
Drizzle first becoming drier with sunny intervals. Max 17C (63F).

S.W. and N.W. England, Wales, Channel Is., Is. of Man
Mostly dry. Rather cloudy near coasts. Max 17C (63F).

Scotland
Occasional rain. Cloudy. Some bright intervals. Max 14C (57F).

Northern Ireland
Rain early. Becoming dry with sunny intervals. Max 16C (61F).

Outlook: Dry in the South. Some rain in the North, with bright intervals.

Table with columns for location, wind, and temperature. Locations include Alicante, Algiers, Amsterdam, Athens, Beirut, Barcelona, Beirut, Berlin, Birmingham, Bonn, Bristol, Bucharest, Cardiff, Casablanca, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Gibraltar, Glasgow, Harrogate, Helsinki, Innsbruck, Istanbul, Jersey, London, Lyons, Madrid, Manchester, Milan, Moscow, Newcastle, Nottingham, Oxford, Paris, Rome, Southampton, Swansea, Teesdale, Valencia, Vienna, Zurich.

Access to Japan

THE EEC has achieved "significant progress" in its efforts to obtain better access for European manufactured goods to the Japanese market.

According to the Commission's Director General for External Relations, Sir Roy Denman, the just-completed two days of consultations in Tokyo were the first in two years to produce any shift in the Japanese position on testing procedures for manufactured imports. EEC negotiators have focused on this area as a major source of problems for European exporters.

A considerable improvement in access to the Japanese market looks hopeful for five categories of manufactured products: pharmaceuticals, agro-chemicals, electrical and gas appliances, tractors, and sanitary fittings.

In spite of the breakthrough, Sir Roy said he thought the surplus in Japan's favour on bilateral trade with the EEC would con-

U.S. backs Eurodollar controls

U.S. backs Eurodollar controls

By Jurek Martin, U.S. Editor, in Washington

A SENIOR U.S. Treasury official yesterday lent public weight to the proposal to place selective controls on the Eurodollar markets.

In a speech in Washington, Mr. Anthony Solomon, the Under Secretary for Monetary Affairs, concluded a long analysis of the history and workings of the Eurodollar market by noting that inevitably they interact with domestic money and credit markets.

"Therefore, we should consider whether additional measures are needed to help assure that the Eurodollar market does not work to erode domestic money and credit policies and that the market themselves remain strong and capable of fulfilling their intermediary function," he added.

"A variety of instruments—for example, introduction of a minimum reserve requirement on Eurodollar deposits—could be considered that would make a contribution to the strength and stability of the Eurodollar market, and to the greater effectiveness of national and international monetary policies."

Last weekend, the central bank governors, meeting in Basel, stepped up their discussions of the need for some controls on the Eurodollar market. Mr. G. William Miller, chairman of the Federal Reserve Board, is understood to have presented a staff working paper to the other governors.

Mr. Solomon emphasised that it was far from clear that general controls on the Eurodollar market would serve to correct what had become a very selective and specific problem in international credit.

He foresaw imbalance in the global payments problem worsening in the immediate future in the wake of the latest OPEC price increases.

NEB dilemma

By Michael Donne and John Elliott

THE GOVERNMENT has to decide in the next few weeks whether to allow the National Enterprise Board to invest £15m or more in a new titanium plant urgently needed for Rolls-Royce aero-engine production in 1982.

The decision will be taken after a series of negotiations which envisage a titanium plant built on Teesside by a consortium of the NEB, Rolls-Royce and Imperial Metal Industries.

The plant is expected to cost up to £20m and produce 1,000 tons of sintered titanium a year, supplying about 300 people—although it could be smaller.

It is needed because a 25-year-old Imperial Chemical Industries plant at Wilton on Teesside, which at present supplies the titanium via IMI, has been run down and is to shut in 1982.

There are only two other producers of the sort of titanium needed by Rolls-Royce, but they are in Japan and the U.S., and it seems unlikely that the Government would be prepared to rely solely on a foreign country for supplies.

The potentially embarrassing decision now facing Sir Keith Joseph, the Industry Secretary, is that the new plant is essential to maintain the sort of defence capability that is one of the major planks of the Conservative Government's policy.

Special Opportunity in 5 Schlesinger U.K. trusts. Includes sections for Property Shares Trust, PIMS—financial planning advice, Politics and sentiment are often the key factors in stock markets, and Investment Trust Units. Features an owl illustration and a form for requesting information.